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PARTMENT OF NATURAL RESOURCES AND CONSERVATION
PROJECT EVALUATIONS AND RECOMMENDATIONS FOR 1994-1995 BIENNIUM AND STATUS REPORT FOR 1992-1993 BIENNIUM

for the

WATER DEVELOPMENT AND RENEWABLE RESOURCE DEVELOPMENT PROGRAMS

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Water Development and Renewable Resource Development Programs

Project Evaluations and Recommendations
for the
1994-95 Biennium

and

1992-93 Biennium Status Report

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INTRODUCTION

The state of Montana's public policy is to promote the conservation, development, and beneficial use of the state's water resources to secure maximum economic and social prosperity for its citizens. The Department of Natural Resources and Conservation (DNRC) provides the coordination necessary for the state to meet these goals, as described in Title 85, MCA (Montana Code Annotated).

This report provides information about DNRC's grant and loan programs respective to Title 85, MCA, grant and loan programs coordinated by DNRC as provided by Section 90-2-1, MCA, and coal severance tax loans as provided by Section 17-5-701, MCA. In particular, this report describes resource development grant and loan activities and outlines DNRC's 1994-95 biennium funding recommendations to the legislature for grants and loans authorized by the Title 85 Water Development Program and the Title 90 Renewable Resource Development Program.

The Water Development and Renewable Resource Development programs are similar in many ways. Because of this similarity, DNRC coordinates the administration of both programs to avoid confusion and duplication. The Renewable Resource Development Program offers funding for projects that encompass a wide range of renewable resources; only governmental entities are eligible for funding under this program. On the other hand, the Water Development Program offers funding for water-related projects both to public and private entities. During even-numbered years, DNRC accepts applications from public entities for grant and/or loan funds. DNRC ranks these applications under both the Water Development and Renewable Resource Development programs. Only one grant and/or loan, however, is recommended for each proposed project.

Public entity applicants that request less than $200,000 may receive grant and/or loan assistance. Public entities that request grant funds for projects capable of generating revenue through fees or taxes, such as drinking water, municipal waste, or irrigation system improvements, generally are limited to grants of not more than $50,000. For projects with no revenue-generating potential—e.g., erosion control or educational workshops—public entities may receive up to $100,000 in grant funds. The dollar difference between the amount requested and the amount provided in a grant may be offered by DNRC through a non-subsidized loan if the applicant can demonstrate the ability to repay the loan.

Loans financed by bonds secured with coal severance tax funds also are available for public projects under the Water Development Program in amounts greater than $200,000. These loans may be offered at a rate less than the bond interest rate, depending on the median family income in the community represented by the public applicant.

Loan applications from private and nonprofit entities are accepted during the biennium and reviewed by DNRC staff. The staff's funding recommendations are provided to DNRC's director, who makes the final funding decision. During 1993, grant applications from private and nonprofit entities will be accepted if the 1993 Legislature authorizes the funds for such grants. Grant funding recommendations will be made by DNRC staff and, again, DNRC's director will make the final funding decision.

CHAPTER 1

WATER DEVELOPMENT AND RENEWABLE RESOURCE DEVELOPMENT GRANTS AND LOANS UNDER $200,000 TO PUBLIC ENTITIES

A. History of Programs

The Water Development Program and the Renewable Resource Development Program were created by separate pieces of legislation. While both programs may fund water-related projects, only the Renewable Resource Development Program may also fund nonwater-related projects. Funding under both programs is used to conserve, protect, improve, and manage resources that are sustainable by nature. Because of the two programs' similarities, the Department of Natural Resources and Conservation (DNRC) administers the programs in conjunction with each other to avoid any duplication and confusion. Also, since both programs use the same application process, applicants may seek funding under either program by submitting a single application. Projects may be awarded only one grant per biennium, however. This chapter focuses on funding that is available only to government entities.

The Montana Legislature established the Water Development Program in 1981. Recognizing that a sufficient amount of clean water was critical to Montana's future, the legislature responded by providing a program geared toward enhancing the state's water resources. As directed by Title 85, MCA (Montana Code Annotated), grant and loan funds are to be used to promote and advance the beneficial use of water, and to allow Montanans full use of the state's water. To meet these goals, the Water Development and Renewable Resource Development programs provide grants and loans for projects that propose to develop and efficiently use Montana's water resources.

Water storage is a high priority under the Water Development Program because storage facilities capture flows for later use that otherwise would flow through the state unused. In 1991, the legislature reemphasized water storage as a priority in Senate Bill 313. This bill clarified state water storage policy and its role in solving water shortage problems by establishing guidelines for setting priorities among new storage and storage rehabilitation projects. The bill also mandated studies to determine the feasibility of (1) assessing recreational user fees to repay construction costs for water storage projects, and (2) collecting larger fees from consumptive water users who benefit from the development of new state-owned water storage projects and the enforcement of water storage laws and regulations. A portion of the funds previously set aside for Water Development and Renewable Resource Development grants was placed in a new "Water Storage State Special Revenue Account." Funds remaining in the account during 1991 and 1992 were not to be expended but instead accumulate for expenditure during fiscal years 1994 and 1995.

To respond to Senate Bill 313, DNRC will seek the authority to award Water Storage State Special Revenue funds during the 1993 legislative session. However, DNRC continues to consider applications for water storage projects under the Water Development Program as stipulated in Section 85-1-602, MCA. Several examples of projects DNRC also has considered for funding include groundwater protection, nonstorage water-based recreation development, irrigation, and municipal system improvements.

The Montana Legislature created the Renewable Resource Development Program in 1975. This program was founded on the premise that the public could not rely indefinitely on nonrenewable fossil fuels as a state budget revenue source. The Renewable Resource Development Program is progressive-minded and continues to invest funds generated by the current use of depletable resources such as coal, oil, and gas for the future development of more sustainable, resource-related industries. As specified in Title 90, Chapter

2, Part 1, MCA, the Renewable Resource Development Program provides grants and loans for renewable resource development projects expected to deliver tangible returns and benefits to Montana and its citizens.

Montana's principal natural resource industries are agriculture (including forestry agriculture), wood and paper products production, mineral mining, and oil and gas extraction. Because much of the state's tourism and recreation industry is resource-based, it too can be considered as another of Montana's natural resource industries. Depending on the limited and depletable resources relied upon and the types of management practices and technology used, these natural resource industries show varying degrees of renewability or sustainability.

Projects that aim to promote the development of sustainable resources are eligible for funding under the Renewable Resource Development Program. DNRC is directed to protect existing public natural resources such as land, air, fish, wildlife, and recreation to make sure they are not diminished by program-funded projects. At the same time, funding projects designed only to reclaim or protect existing resources is not the Renewable Resource Development Program's intent.

The number of projects funded each biennium, along with the dollar amount of those projects, has amounted to less in 1992 than at any other time during the programs' history, although the need for funding has not subsided. Though true that fewer applications have been received under these programs, the decrease has come about because many of the projects are unable to obtain the additional funding needed to meet the required level of matching funds. Despite this need for funds, Water Development and Renewable Resource Development grant funding has continued to decline since 1985, when the legislature appropriated $3.5 million in funding for 59 projects. In 1991, for instance, the legislature authorized only 31 projects, which required $2.1 million in funding.

B. Program Funding

DNRC's role is to review and screen grant requests to determine whether the proposed projects are both financially and technically feasible. All feasible grant requests are ranked according to a set of standard criteria to select those that most efficiently use the state's natural resources. Loan requests also are reviewed to eliminate proposals that are not technically sound or those that would not be considered as good credit risks. DNRC then makes its grant and loan funding recommendations to the governor.

With the governor's approval, final funding recommendations are presented to the legislature as part of this report. These recommendations do not impose any limit on the amount of funding the legislature may provide to any government entity for a single grant project. For the purpose of this chapter, however, loans are limited by statute to $200,000. Although grant funding for public projects is not limited by any statute, DNRC limits its grant funding recommendations to a maximum of $100,000 per project. DNRC adopted this policy to avoid funding only a few high-cost grants. Instead, grant limits were set in anticipation of a larger number of state-funded grants that would cause the leveraging of more federal dollars.

DNRC's grants typically pay only a portion of a project's costs. To help meet a project's total cost, a DNRC grant may be paired with a low-interest Water Development or Renewable Resource Development loan. These loans are offered at the rate at which the state's bond is sold. Revenue from the sale of Water Development and Renewable Resource Development bonds are used to finance loans up to $200,000. Because DNRC's grant and loan recommendations cumulatively do not exceed $200,000 for a single project, funds from other sources are often needed. For example, if a $400,000 project receives a $50,000 grant and a $150,000 loan from DNRC's programs, an additional $200,000 would be needed from other local, state, or federal sources to meet the project's total cost.

As illustrated in the previous example, the typical grant funding level recommended by DNRC will be up to 25 percent of the total project cost, but no more than $50,000. The remainder of an applicant's funding request up to $200,000 will be provided in a loan if the project sponsor is able to repay the loan's principal and interest according to terms specified in a DNRC bond purchase agreement. For projects with no repayment revenue source, such as fees collected or taxes assessed, DNRC may recommend grant funding up to 100 percent of the project cost, but not more than $100,000.

After the legislature acts on DNRC's recommendations, an appropriations bill is drafted and adopted through the legislative process. This bill authorizes individual grants and loans, stipulates funding amounts and any restrictions, and specifies the priority order for grants to be funded during the subsequent biennium as revenue is earned.

After the appropriations bill is enacted, DNRC develops bond purchase agreements for authorized loan projects and arranges for state bonds to be sold. Bond purchase agreements generally specify a term—not more than the life of the project or 30 years—and other requirements, including those for reserve and operation and maintenance accounts. The interest rate set for these loans is the rate of interest at which the state's bond is sold. The loan applicant also must borrow an additional 3 percent to pay the cost of issuing the state bonds.

DNRC has the authority to issue general obligation Water Development bonds totaling $10 million, about $5 million have been issued to date. DNRC also is authorized to issue Coal Severance Tax (CST) bonds of $250 million. Because CST bonds represent only a limited obligation of the state, a more limiting constraint was adopted by a general resolution of the Board of Examiners. As a result, approximately $30 million remains in CST bond authorization. When the Renewable Resource Development Program was established, DNRC was given the authority to issue bonds totaling $5 million to finance loans; approximately $4 million currently is available for this purpose.

Grants authorized by the appropriations bill are funded in order of priority as funds become available during the two years that follow each regular legislative session. Top-priority projects funded by the 53rd Legislature likely will receive funding in July 1993; other projects will be funded as adequate funds become available. According to current revenue projections, the lowest-ranked projects are unlikely to be funded. The projects remain authorized, however, in case any higher-ranked projects withdraw their requests or program grant funding revenues exceed earlier projections.

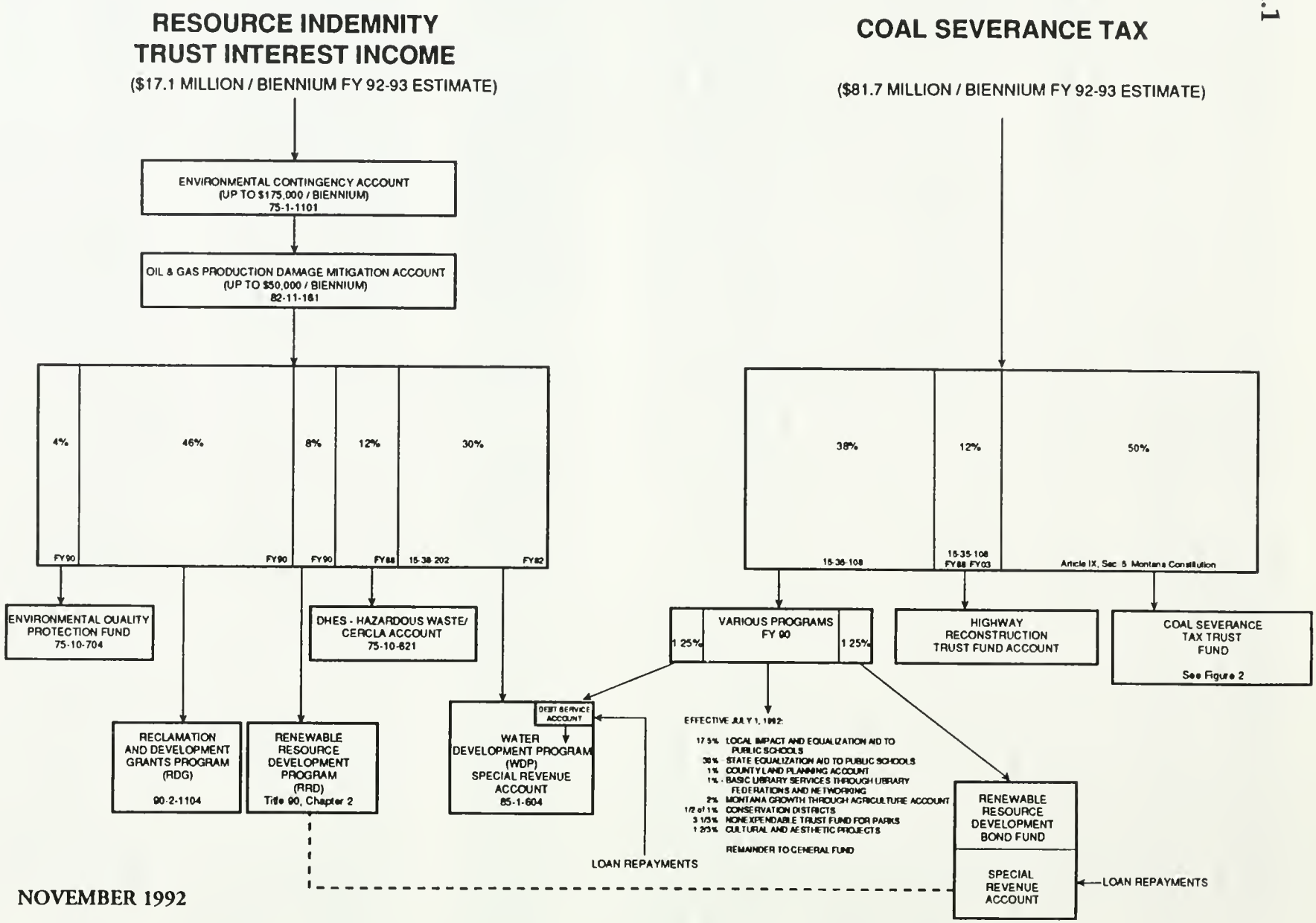
At the onset of the Water Development and Renewable Resource Development programs, special revenue accounts were created and original allocations made. As shown in Figure 1.1, funds deposited in the Water Development State Special Revenue Account currently are received from four sources, including (1) all revenue from state-owned water resource projects and other related money as provided in Section 85-1-332, MCA; (2) anything left of the 1.25 percent of total Coal Severance Tax proceeds allocated to the water development debt service fund after debt service requirements are met; (3) any fees collected by loan repayments to DNRC for servicing loans; and (4) 30 percent of Resource Indemnity Trust (RIT) interest earnings after funds are deducted for the Environmental Contingency Account and the Oil and Gas Production Damage Mitigation Account.

Figure 1.1 also shows that funds deposited in the Renewable Resource Development State Special Revenue Account come from Renewable Resource loan repayments; anything left of the 1.25 percent of Coal Severance Tax proceeds allocated to the Renewable Resource Development debt service fund after debt service requirements are met; and 8 percent of RIT interest earnings after deductions.

The legislature appropriates funds from the Water Development State Special Revenue Account for several programs in various state agencies. Any excess revenue beyond that needed to fully fund these

Figure 1.1

Special Revenues Disbursement



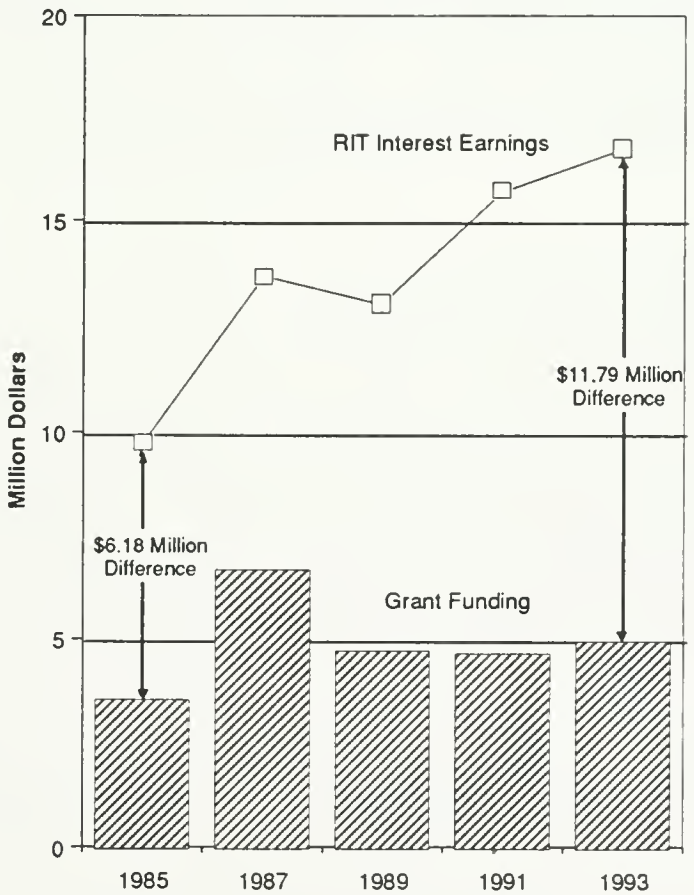
NOVEMBER 1992

programs is available for funding grants. As more programs have been added and more costs in each program realized, funds available for grants under both the Water Development and Renewable Resource Development programs have dwindled from $3.5 million in 1985 to only $1.7 million authorized for grants in 1991. Figure 1.2 shows that while grant appropriations for Water Development and Renewable Resource Development projects are declining, RIT interest earnings are increasing. With the inclusion of the Reclamation and Development Grants Program, the gap between interest earnings and funding for DNRC's resource grants has widened—from a difference of $6.18 million to $11.79 million as other concerns tap the RIT interest support.

Large projects—particularly those focusing on irrigation—that show the greatest potential for water conservation have relied on funds from DNRC's grant programs to meet the matching requirements of federal funding sources. Some of these, however—including the U.S. Bureau of Reclamation's interest-free Rehabilitation and Betterment loan program for refurbishing deteriorating irrigation projects—have lost congressional support and funding. Thus, with only DNRC's large loan program providing funds in the amounts greatly needed to reclaim Montana's irrigation infrastructure, fewer applications have been submitted by irrigation districts. In their place, DNRC has received more applications from municipalities for water treatment and distribution and community sewer projects to respond to the higher water-quality standards imposed by the EPA (Environmental Protection Agency). Matching funds for these water system and sewer projects are being secured through the state's Community Development Block Grant program or in the form of loans and grants from FmHA (Farmer's Home Administration).

Figure 1.2

Funding for RIT Grants
DNRC



Based on June 30, 1992 Cash Flow Sheets and 1993 Income Estimates

C. Application Administration and Project Review Procedures

DNRC widely offers its grant and loan programs to eligible public entities. Brief program bulletins that describe the Water Development and Renewable Resource Development programs are sent to cities, counties, districts, associations, and organizations potentially interested in program grant or loan funding. These bulletins provide detailed information about a project's eligibility and explain the application process. Press releases also are sent to association newsletters and weekly and daily newspapers.

Applications are provided on request and must be returned to DNRC by May 15 of each even-numbered year. During 1992, approximately 200 grant and 100 loan applications were mailed to potential applicants. The 54 grant applications returned to DNRC requested $4.3 million. Two grant applicants also requested a combined total of $226,832 in loan funds.

Project sponsors carefully completed the application's eight sections listed below to provide specific information needed to adequately support their funding requests.

Step 1: Proposal Abstract
Step 2: Project Summary Data
Step 3: Technical Narrative
Step 4: Supporting Technical Documents
Step 5: Budget and Financial Narrative
Step 6: Public Benefit Narrative
Step 7: Need and Urgency Narrative
Step 8: Environmental Assessment

A DNRC technical review team evaluated each application to ensure that the proposals were economically feasible, that the proposed projects would be located in Montana, and that the projects were at least technically feasible. Economic feasibility was judged to verify whether the proposed venture's total cost exceeded anticipated benefits directly attributable to the project. During the technical review, additional, detailed technical details were requested if needed. Applications that included supporting technical documentation then were sent to other state and federal agencies for additional, expert technical review. To invite public comment, brief project descriptions also were published in newspapers that serve areas located near the proposed projects.

D. Grant Project Ranking and Funding Recommendation Procedures

Though DNRC staff assigned a certain number of ranking points to each project it reviewed, those scores were not binding in making the final funding decision. Instead, the ranking scores were used as a guide for the staff to select projects that seemed to best serve the programs' objectives as stipulated by statute, and to summarize information for DNRC's management and the governor during development of the funding recommendations. Not bound by DNRC's review criteria or the governor's final ranking, the legislature ultimately will authorize funding for the projects that it judges will best serve the state.

As DNRC developed its funding recommendations, information gathered for each project was documented and used by a review team member to assign a score to a project for its merit under four primary categories.

(1) Financial Feasibility. Financial feasibility was judged favorably if adequate funds were available to construct, operate, continue, maintain, or complete a project, and if those funds were identified. Also, additional funding sources needed to complete a proposed project were reviewed and assessed as to whether those sources had been secured, whether documentation of additional funds secured was provided, whether the necessary security required to support a program loan requested in conjunction with the grant was available and

sufficient, and whether matching funds were in-kind funds or another form of soft match. Applications did not lose any points if they were judged to be financially sound.

(2) Environmental Checklist. An environmental checklist completed for each application was used to identify any adverse environmental effects that a proposed project might cause. Those adverse effects were estimated and resulted in a proposal's losing points and/or receiving a "no funding" recommendation.

(3) Technical Merit. Technical merit was evaluated by a review team member with the help of experts from DNRC and other state and federal agencies. Since proposals were submitted for projects that varied in technical nature, the detail of technical documentation needed to support an application also varied. Project proposals that did not include sufficient supporting documentation, or those that did not thoroughly evaluate technical alternatives along with their respective costs, were determined to be less feasible and therefore were awarded fewer points. Also considered under this category were budgets, time lines, and implementation plans, along with permit, easement, and water right acquisitions.

(4) Public Benefit. The public benefit evaluation was based solely on criteria identified in program statutes. According to these, projects must support the State Water Plan; support reserved water rights; offer resource conservation, management, or protection; and offer citizen benefits. To be recommended for funding, a project's benefits need to be measurable, ongoing, significant, and available to a large number of Montanans.

For the Water Development and Renewable Resource Development programs, need and urgency are not identified by statute as public benefits and, in the absence of other compelling benefits, did not result in a funding recommendation.

E. Project Administration and Monitoring

After an appropriations bill is enacted to authorize grants and loans, DNRC notifies the various applicants of their funded or not-funded status. Sponsors of funded projects are reminded that work on their projects may not begin until a DNRC grant or loan agreement has been provided. DNRC does not reimburse any project costs incurred before the legislative authorization is given or before a formal funding agreement is executed.

Since grant funds become available as coal severance taxes are collected and RIT interest income is earned, lower-ranked grant projects may not be funded until sufficient revenue has been collected. To avoid significant delays, increased project costs, and additional project funding losses, a project sponsor may enter into an unfunded grant agreement with DNRC that stipulates the approved project's scope, payment, and reporting requirements. Any project costs incurred before the notice of available funding is given are done so at the project sponsor's risk.

During a project's contract term, the project sponsor must submit quarterly reports to DNRC. These reports must reflect the percentage of the project completed, the project costs to date, any problems encountered, and the need for any agreement amendment. The project sponsor must pay all project costs, and DNRC will reimburse allowable costs. Invoices may be submitted monthly, and all costs must be supported by invoices, receipts, or both. DNRC withholds 10 percent of the grant amount for surety until all contract requirements are met and the grant is closed.

When projects receive significant funding from other state or federal agencies, or when other agencies have enforcement authority or provide design assistance, DNRC usually does not provide on-site monitor-

When projects receive significant funding from other state or federal agencies, or when other agencies have enforcement authority or provide design assistance, DNRC usually does not provide on-site monitoring. Budget and staffing constraints preclude DNRC's site involvement for all projects.

F. 1992 Applications for Fiscal Year 1994-95 Funding

Grant requests in 1990 amounted to $3.5 million, including requests from public and private entities. Applications from both public and private entities were submitted to the legislature for review and funding appropriation. Because Montana's constitution prohibits the legislature from making direct appropriations to private entities, DNRC submitted private applications to the legislature without disclosing the specific private entity that would benefit from proposed grant funding. During the 1991 legislature, subcommittee members advised DNRC that applications from private entities should not be submitted to the legislature, whether specific applicants were disclosed or whether they were kept private.

During 1992, DNRC received 54 applications from public entities that requested grant funds totaling $4.2 million. No applications were accepted from private entities. If the legislature makes an appropriation of funds to provide grants to private entities, DNRC will solicit applications from private applicants during the 1994-95 biennium. Figures 1.3, 1.4, and 1.5 show applications by applicant type, project type, and the amount of funds requested by project type.

Figure 1.6 lists all the applications submitted to DNRC for grant and/or loan funding under this chapter. They are presented in the order recommended by the governor with their recommended funding levels.

Figure 1.3

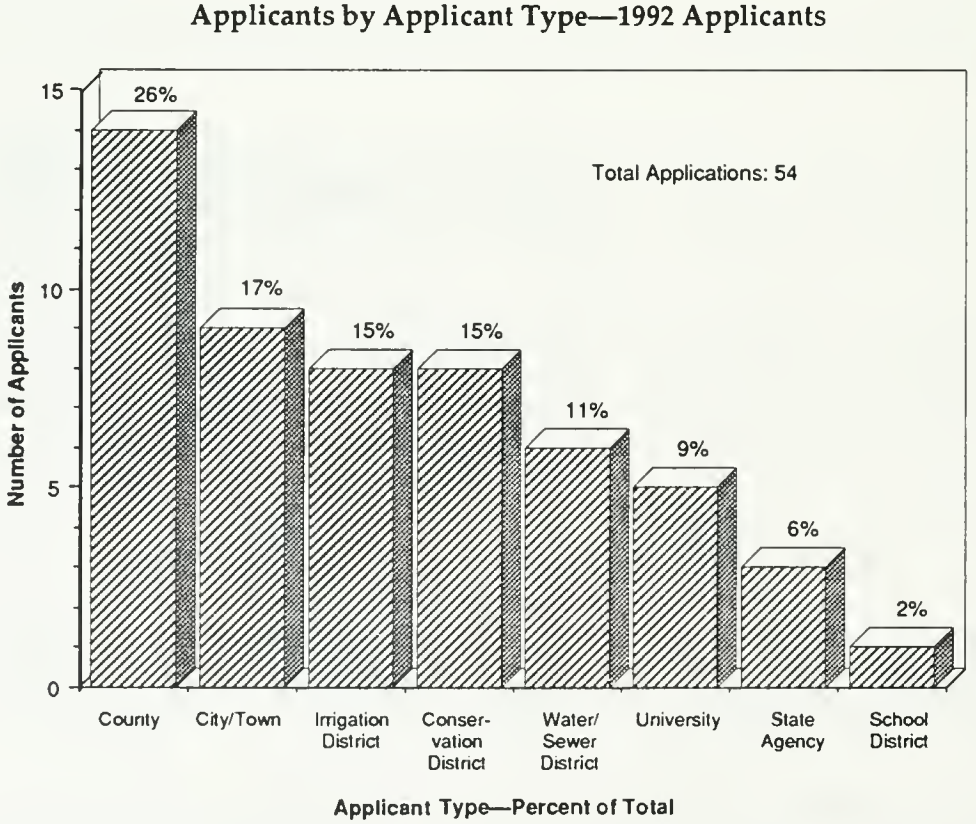


Figure 1.4

Applicants by Project Type—1992 Applicants

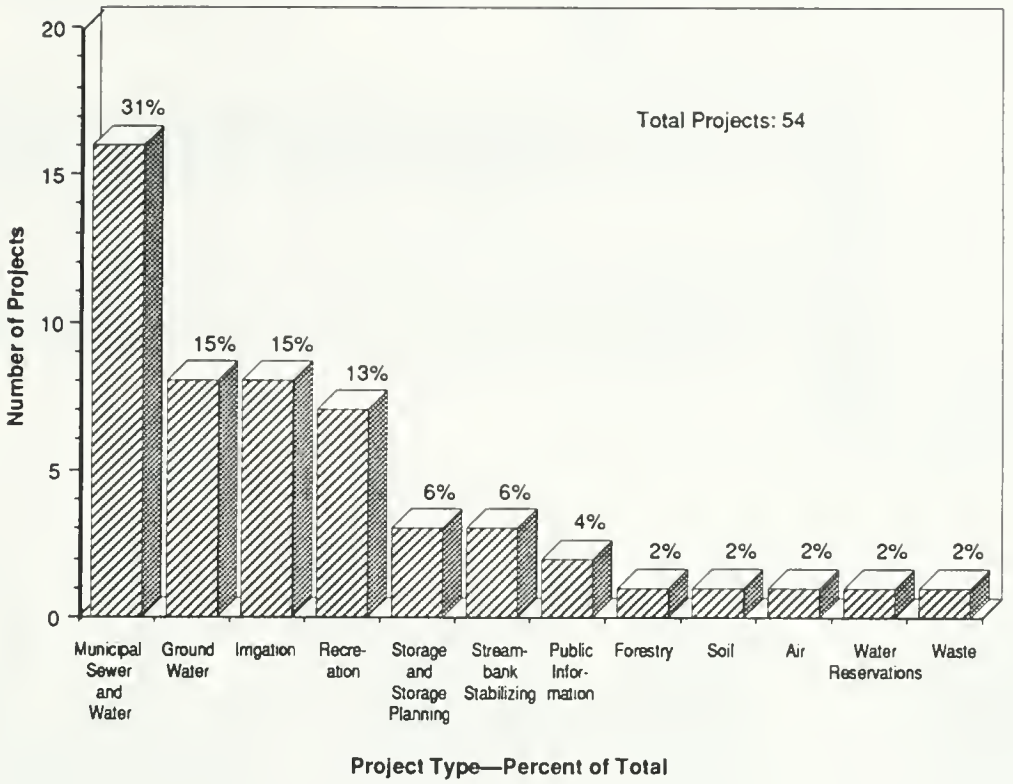


Figure 1.5

Requested Funding by Project Type—1992 Applications

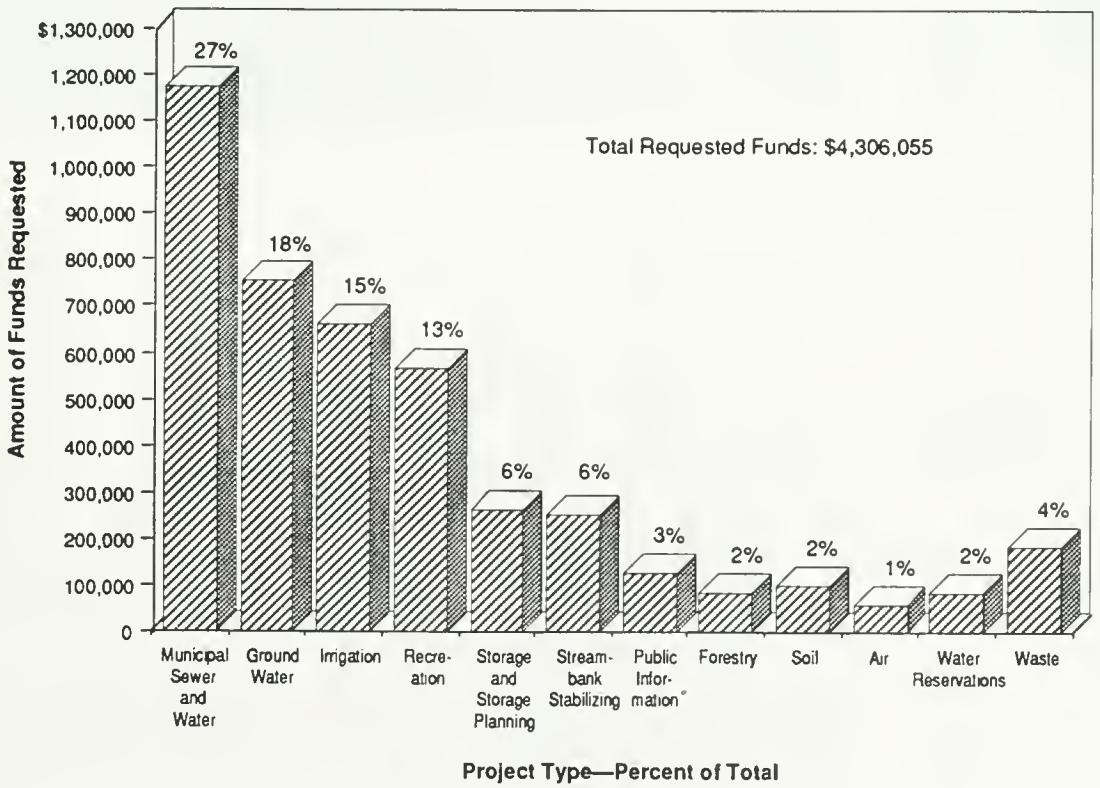


FIGURE 1.6

WATER DEVELOPMENT & RENEWABLE RESOURCE DEVELOPMENT PROGRAMS
Project Recommendations
Fiscal Years 1994-95
Approved 11/17/92

Applicant	Project Name	Recommended Grant Funding	Accumulative Grant Funding	Loan Funding
1. MALTA IRRIGATION DIST.	WATER USE EFFICIENCY IMPROVEMENTS	$50,000	$50,000	$50,000
2. RICHLAND COUNTY	DAM EVALUATION AND DESIGN	$60,300	$110,300	$0
3. MT DNRC - WATER DAM SAFETY SECTION	CHARACTERISTICS OF EXTREME PRECIP.	$100,000	$210,300	$0
4. TOWN OF RYEGATE	WATER SYSTEM IMPROVEMENT	$33,750	$244,050	$66,250
5. YELLOWSTONE COUNTY	YELLOWSTONE RIVER PROJECT	$100,000	$344,050	$0
6. STOCKETT/CASCADE WATER & SEWER DIST.	SEWER SYSTEM	$50,000	$394,050	$150,000
7. MT STATE UNIVERSITY, MONTANA WATERCOURSE	INNOVATIVE WATER RESOURCE EDUCATION	$94,900	$488,950	$0
8. BUTTE-SILVER BOW GOVERNMENT	MUNICIPAL COMPOST PRODUCTION	$50,000	$538,950	$49,864
9. DARBY SCHOOL DIST. NO. 9	SCHOOL PARK PROJECT	$25,300	$564,250	$0
10. MT DEPARTMENT OF STATE LANDS, FORESTRY DIV.	REFORESTATION PROJECTS ON STATE LANDS	$21,974	$586,224	$0
11. HUNTLEY WATER AND SEWER DIST.	WATER SYSTEM REHABILITATION	$50,000	$636,224	$50,000
12. RUBY VALLEY CONSERVATION DIST.	UPPER RUBY RIPARIAN AREA IMPROVEMENTS	$100,000	$736,224	$0
13. BUTTE-SILVER BOW GOVERNMENT	BLACKTAIL CREEK RESTORATION PROJECT	$100,000	$836,224	$0
14. MT BUREAU OF MINES & GEOLOGY	GROUNDWATER PROTECTION/EDUCATION	$94,184	$930,408	$0
15. TOWN OF WINNETT	SEWER RECONSTRUCTION AND REHABILITATION	$50,000	$980,408	$50,000
16. FORT PECK RURAL WATER DIST.	WATER ENGINEERING STUDY	$40,000	$1,020,408	$0
17. TOWN OF DUTTON	WATER SYSTEM IMPROVEMENT	$50,000	$1,070,408	$0
18. PETROLEUM COUNTY	CROOKED CREEK RECREATION CENTER	$50,000	$1,120,408	$50,000
19. EAST GLACIER WATER AND SEWER DIST.	MIDVALE DIVERSION STRUCTURE	$25,905	$1,146,313	$76,537
20. TOWN OF NASHUA	WATER STORAGE SYSTEM IMPROVEMENTS	$50,000	$1,196,313	$0
21. CARBON COUNTY	WATER SYSTEM IMPROVEMENTS	$50,000	$1,246,313	$50,000
22. CHINOOK DIVISION IRRIGATION ASSOCIATION	IRRIGATION WATER MEASURING DEVICES	$34,217	$1,280,530	$65,783
23. CHINOOK DIVISION IRRIGATION ASSOCIATION	REPAIR OF LOHMAN DAM	$36,173	$1,316,703	$63,827
24. LIBERTY COUNTY CONSERVATION DIST.	SWEETGRASS HILLS GROUNDWATER EVALUATION	$100,000	$1,416,703	$0
25. CUSTER COUNTY	COUNTY RECYCLING PROJECT	$4,725	$1,421,428	$0
26. TOWN OF CIRCLE	WATER QUALITY IMPROVEMENT PROJECT	$15,000	$1,436,428	$0
27. EASTERN SANDERS CONSERVATION DIST.	ACCELERATE SOIL SURVEY ON FORESTLANDS	$99,000	$1,535,428	$0
28. MT INSTITUTE OF TOURISM AND RECREATION	STUDY OF THE IMPACT OF TOURISM	$35,494	$1,570,922	$0
29. TOWN OF HOT SPRINGS	CAMAS THERAPY CENTER	$100,000	$1,670,922	$0
30. GLASGOW IRRIGATION DIST.	INSTALLATION HEADGATE MEASURING DEVICES	$50,000	$1,720,922	$50,000

31. HILGER COUNTY WATER AND SEWER DIST.	SEWAGE AND COLLECTION TREATMENT FACILITIES	$50,000	$1,770,922	$50,000
32. VALLEY COUNTY	FORT PECK BREAKWATER	$100,000	$1,870,922	$0
33. MILE HIGH CONSERVATION DIST.	RADON ASSESSMENT OF MONTANA'S AQUIFERS	$99,812	$1,970,734	$0
34. MT DNRC - WATER RESOURCES REGIONAL OFFICE	FLATHEAD VALLEY COOP. GROUNDWATER STUDY	$100,000	$2,070,734	$0
35. MISSOULA URBAN TRANSPORTATION DIST.	ALTERNATIVE FUELS INITIATIVE	$56,185	$2,126,919	$0
36. LITTLE BEAVER CONSERVATION DIST.	WATER RESERVATIONS IMPLEMENTATION	$47,318	$2,174,237	$0
37. RAVALLI COUNTY	GROUNDWATER VULNERABILITY ASSESSMENT	$88,340	$2,262,577	$0
38. YELLOWSTONE COUNTY	RURAL WATER SYSTEM DEVELOPMENT	$85,000	$2,347,577	$0
39. MT STATE UNIVERSITY	GUIDE TO MONTANA WATER LAW	$31,740	$2,379,317	$0
40. HILL COUNTY	SALINITY CONTROL PROJECT	$50,000	$2,429,317	$50,000
41. ROOSEVELT COUNTY CONSERVATION DIST.	RECREATIONAL ENHANCEMENT OF MISSOURI RIVER	$7,000	$2,436,317	$0
42. FORT SHAW IRRIGATION DIST.	"A" SYSTEM DIVERSION	$50,000	$2,486,317	$0
43. DODSON IRRIGATION DIST.	WATER USE EFFICIENCY IMPROVEMENTS	$31,569	$2,517,886	$31,326
44. FORT SHAW IRRIGATION DIST.	REHABILITATION AND BETTERMENT STUDY	$50,000	$2,567,886	$0
45. FLATHEAD JOINT BOARD OF CONTROL	FISH FRIENDLY IRRIGATION	$44,500	$2,612,386	$54,500
46. WHITEFISH COUNTY WATER AND SEWER DIST.	PROTECTION OF SWIFT CREEK PILOT PROJECT	$13,921	$2,626,307	$37,485
BIG HORN CONSERVATION DIST.	ROCKY RANCH DEEP WELL RESTORATION	$0	$2,626,307	$0
CITY OF DILLON	WATER TREATMENT PLANT	$0	$2,626,307	$0
FERGUS COUNTY	WELL REVITALIZATION PROJECT	$0	$2,626,307	$0
MADISON COUNTY	INTEGRATED WASTE PROGRAM	$0	$2,626,307	$0
MEAGHER COUNTY CONSERVATION DIST.	SOUTH SIDE CANAL LINING PROJECT	$0	$2,626,307	$0
MT BUREAU OF MINES & GEOLOGY	EVALUATION OF GEOTHERMAL RESOURCES	$0	$2,626,307	$0
CITY OF POLSON	RESERVOIR RECONSTRUCTION	$0	$2,626,307	$0
CITY OF SHELBY	WATER SUPPLY DEVELOPMENT	$0	$2,626,307	$0
Total Loans Recommended				**$995,572**

PROJECT SUMMARIES

PROJECT NO. 1

PROJECT SPONSOR	MALTA IRRIGATION DISTRICT
CATEGORY	Storage

A project proposed to replace eight check structures located in the Dodson South Canal. The new structures (10-foot wide openings will replace the current 5-foot openings) will have automated gates that can better handle the spring ice jams, which will enable more water to be captured earlier in the spring for irrigation and improved delivery. This will allow the project sponsor to divert the early spring runoff into Nelson Reservoir for use later in the season. It is important that Nelson Reservoir be filled earlier in the spring because the Piping Plover bird, an endangered species, nests during May and June on the water's edge. Filling the reservoir at this later time would flood the nests and ruin any chance of a hatch for that year.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$398,500 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$498,500
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT NO. 2

PROJECT SPONSOR	RICHLAND COUNTY
CATEGORY	Storage

A project proposed to evaluate the options available to bring the Lone Tree dams into compliance with the Dam Safety Act. When they were constructed 35 years ago, the dams were intended to provide irrigation for adjacent farm land. Following construction of the dams, however, considerable development took place downstream. As a result of this development, the dams were classified as high-hazard by the Corps of Engineers and now require extensive modification in order to comply with Dam Safety Act regulations.

The dams have long provided flood protection to City of Sidney and Richland County residents. Because the dams must be either permitted or breached by July 1, 1995, the proposed study will help all parties involved reach a decision on the best course of action to take to bring the dams into compliance with current laws.

REQUEST	$60,300 GRANT
OTHER FUNDING SOURCES	$10,450 (Dam Owner)
ESTIMATED TOTAL PROJECT COST	$70,750
AMOUNT RECOMMENDED	$60,300 GRANT

PROJECT NO. 3

PROJECT SPONSOR	MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, DAM SAFETY SECTION
CATEGORY	Dam Study

A project proposed to develop frequency-based criteria for computing inflow design floods for Montana dams. The criteria's main application would be for spillway design on small to intermediate-sized dams.

According to DNRC's Dam Safety Section, Montana has nearly 85 high-hazard dams that must comply with Dam Safety Act standards by July 1, 1995. The current law requires that dam inflow design discharges be based on the Probable Maximum Flood (PMF), or a fraction thereof. This proposed study would use Montana's historical rainfall data to develop the criteria. Previous studies have shown that empirical, frequency-based, extreme storms typically are less severe than PMF storms. Therefore, if the magnitude of extreme storms or storms with a chance of occurring once every 100 to 10,000 years could be estimated with relative precision, it could be used as a basis for spillway design.

This method would potentially save dam owners millions of dollars in rehabilitation construction costs and would provide incentives for new water storage projects to be built.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$ 22,700 (National Weather Service) $ 36,300 (Soil Conservation Service) $ 18,100 (U.S. Bureau of Reclamation) $ 36,300 (U.S. Army Corps of Engineers) $ 13,600 (Federal Emergency Management Agency)
ESTIMATED TOTAL PROJECT COST	$227,000
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT NO. 4

PROJECT SPONSOR	TOWN OF RYEGATE
CATEGORY	Municipal

A project proposed to replace the remaining, severely deteriorated water lines in the town of Ryegate. These water lines freeze regularly, requiring that twice as much water be pumped than necessary to maintain water pressure and service, and allowing for groundwater infiltration that creates a health threat. The project will serve the community of 260 people—40 percent of whom are older than 65 with limited financial resources—by providing a cost-effective, long-term solution that will, in particular, conserve water. The project also will reduce health threats and assist people who have few other funding options.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$ 35,000 (Farmer's Home Administration Loan)

ESTIMATED TOTAL PROJECT COST	$135,000
AMOUNT RECOMMENDED	$ 33,750 GRANT $ 66,250 LOAN

PROJECT NO. 5

PROJECT SPONSOR	YELLOWSTONE COUNTY
CATEGORY	Recreation

A project proposed to promote multiple use of the Yellowstone River and surrounding park land so that local residents and visitors to the Billings area can benefit from enhanced fishing, hiking, canoeing, boating, biking, bird-watching, observing wildlife, studying natural areas, and other improved recreational or outdoor opportunities. The Yellowstone River Parks Association and other community organizations will use the funds to design guidelines, obtain land use permits, acquire land, analyze projected activities in relation to the Yellowstone River project, evaluate technical specifications for construction phases, develop public safety measures, and sustain natural areas with cost-effective maintenance programs. This approach will identify the potential options and constraints of development and will include input and assistance from Billings area communities.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$ 26,000 (Yellowstone River Parks Association) $ 5,250 (Mark Werner, Attorney) $ 95,228 (Kiwanis) $ 15,000 (Montana TradePort) $ 66,933 (Yellowstone River Education Project) $ 80,000 (Land and Water Conservation Fund) $ 7,000 (COP Construction) $ 82,170 (Midland O'Leary Construction) $ 15,000 (First Interstate Bank)
ESTIMATED TOTAL PROJECT COST	$492,581
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT NO. 6

PROJECT SPONSOR	STOCKETT/CASCADE COUNTY WATER AND SEWER DISTRICT
CATEGORY	Municipal

A project proposed to construct a wastewater collection system in Stockett with septic tanks followed by conveyance to a treatment lagoon. Stockett is an unincorporated community of 240 people located 16 miles southeast of Great Falls.

This project will eliminate negative surface water quality impacts and the serious health hazards now posed by several old sewer systems in Stockett. One system brings septic tank effluent from 14 homes to a

failed gravel filter bed. This bed is severely overloaded, resulting in surface and pooled sewage on the ground in the town's center. Another system directs septic tank effluent from 32 homes directly to Cottonwood Creek. At least eight other homes with no drainfields discharge septic tank effluent to the creek, in yards, or to borrow pits. Regulatory agencies have placed the district on a compliance schedule.

REQUEST	$ 50,000 GRANT $ 150,000 LOAN
OTHER FUNDING SOURCES*	$ 634,720 (Environmental Protection Agency Grant—secured) $ 550,680 (Farmer's Home Administration Grant/ Loan—application pending) $ 375,000 (Community Development Block Grant—application pending)

* Total "OTHER FUNDING SOURCES" exceed the estimated project cost. Loan funds will be turned back either to DNRC or FmHA if all pending applications are funded as requested.

ESTIMATED TOTAL PROJECT COST	$1,185,400
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 150,000 LOAN

PROJECT NO. 7

PROJECT SPONSOR	MONTANA STATE UNIVERSITY, MONTANA WATERCOURSE
CATEGORY	Education

A project proposed to engage the Montana Watercourse as coordinator of four, multi-agency, water education activities that would activate "working partnerships" among a wide variety of water resource entities in Montana through the collaborative development and delivery of innovative, broad-based, water resource education opportunities. These four water education activities include developing:

(1) Three intensive summer field courses for Montana educators: "Watershed Week on the Flathead," "Watershed Week on the Clark Fork," and "Watershed Week on the Missouri."

(2) The "Clark Fork Curriculum," an existing model, multi-disciplinary, water resource notebook for secondary educators.

(3) "From Public Works to Public Education," a two-day training workshop for water and wastewater treatment operators.

(4) "From Drink to Drain," community education modules about groundwater quality and quantity to support State Water Plan recommendations.

These activities will continue Montana Watercourse's efforts to use existing expertise and resources to educate the public about effective, long-term, water resource management.

REQUEST	$ 94,900 GRANT
OTHER FUNDING SOURCES	$ 19,250 (Montana Watercourse) $ 3,750 (Western Watercourse) $ 10,852 (Montana Water Center) $ 20,394 (Montana State University)
ESTIMATED TOTAL PROJECT COST	$ 149,146
AMOUNT RECOMMENDED	$ 94,900 GRANT

PROJECT NO. 8

PROJECT SPONSOR	BUTTE-SILVER BOW GOVERNMENT
CATEGORY	Waste

A project proposed to confirm Butte's potential to incorporate sludge composting into the composting operation planned for the city's new solid waste landfill. Among its main objectives, the project will identify the most efficient means to collect municipal yard waste, quantify the amount of yard waste generated in Butte's waste stream, determine the most effective method to use municipal sludge with yard waste for compost production, and analyze the quality and beneficial uses of the compost product. Information collected in the demonstration project will be used to develop design and cost parameters for full-scale composting operations. Because waste management is perhaps the biggest challenge facing municipal governments during the 90s, Butte-Silver Bow is proposing this project to turn its sludge disposal problem into a solution of compost production.

REQUEST	$ 99,864 GRANT
OTHER FUNDING SOURCES	$108,669 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$208,534
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 49,864 LOAN

PROJECT NO. 9

PROJECT SPONSOR	DARBY SCHOOL DISTRICT NO. 9
CATEGORY	Recreation

A project proposed to create a community multiple-use park on 6.5 acres of land located on school district property between the existing elementary and high school facilities. The park will be easily accessed and available to the public and tourists, but also will be used by the 560 students enrolled in the school system.

Along with a picnic and day-use area for tourists and southern Ravalli County residents, specific areas will be available for studying natural resource conservation and science education and for playground and recreational use. Total handicap access with adaptive playground and recreational equipment will be available, along with a physical fitness outdoor exercise area. An underground sprinkler system will be installed to irrigate the grass, trees, and shrubs that make up the landscaping. According to the Darby School District, the increase in Ravalli County's population represents a valid need for this type of activity center.

REQUEST	$25,300 GRANT
OTHER FUNDING SOURCES	$15,671 (Darby School District) $ 1,800 (Soil Conservation Service) $ 6,100 (Trapper Creek Job Corps)
ESTIMATED TOTAL PROJECT COST	$48,871
AMOUNT RECOMMENDED	$25,300 GRANT

PROJECT NO. 10

PROJECT SPONSOR	MONTANA DEPARTMENT OF STATE LANDS, FORESTRY DIVISION
CATEGORY	Forestry

A project proposed to undertake reforestation projects on 463 acres in northwestern Montana. These sites were harvested between 1987 and 1990, have not been reforested, and likely will remain non-stocked or poorly stocked for many years without treatment. Planting would increase long-term financial returns to the state school trust accounts. (The Department of State Lands' Forestry Division manages state school trust lands under the direction of the Board of Land Commissioners.) Each Renewable Resource Development grant dollar spent would yield an estimated $1.79 to $2.05 in discounted financial benefits to the trust. In addition, planting would provide forest conditions less vulnerable to insect and disease loss, provide for the recovery of harvested watersheds, and improve wildlife cover. By doing so, cumulative effects limitations on timber harvest in the affected drainage would be reduced, thereby increasing the potential timber supply from state lands throughout the next few decades. Finally, by helping to provide for a sustained timber supply, the projects would help maintain employment in the forest products industry.

REQUEST	$83,185 GRANT
OTHER FUNDING SOURCES	$ 4,712 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$87,897
AMOUNT RECOMMENDED	$21,974 GRANT

PROJECT NO. 11

PROJECT SPONSOR	HUNTLEY/YELLOWSTONE COUNTY WATER AND SEWER DISTRICT
CATEGORY	Municipal

A project proposed to conserve water and to bring more reliable water service and better quality water to the district's customers in the most cost-effective manner possible. A second well with a gas chlorination system will be added to ensure continued water service in the event that the town's only well is down for repairs, and also will create a beneficial loop for water circulation. The Department of Health and Environmental Sciences requires that all public systems have two or more wells.

Water quality also will be improved with the elimination of the system's 15 dead ends. The quality of the water now at and near the dead ends is inferior. Aesthetically, the water appears yellow, orange, or black; it contains sediment; and it is stagnant. Continual flushing results in wasting more than 600,000 gallons of treated water per year.

Other improvements include installing nine new fire hydrants to provide fire protection where none exists. Also, an increased-capacity storage facility closer to the distribution system will allow for better circulation of treated water, provide ample water for fire protection, and eliminate the costly tank location south of the Huntley Project irrigation canal.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$375,000 (Community Development Block Grant) $220,300 (Farmer's Home Administration Grant) $ 50,000 (Farmer's Home Administration Loan)
ESTIMATED TOTAL PROJECT COST	$745,300
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT NO. 12

PROJECT SPONSOR	RUBY VALLEY CONSERVATION DISTRICT
CATEGORY	Streambank

A project proposed to make range improvements on the Upper Ruby Cattle and Horse Allotment. These improvements are designed to decrease livestock use on riparian areas while simultaneously increasing the use of uplands to improve riparian conditions. In 1986, overgrazing apparently had seriously degraded the riparian area. By 1990, the situation had received national attention, and many groups and individuals saw it as a test of livestock grazing's compatibility with the western environment.

In 1991, Governor Stephens appointed a task force to try to resolve the controversy. As a result of all the public participation, the Forest Service prepared an environmental impact statement (EIS). The EIS examined 10 alternatives, and the Ruby Valley Conservation District proposes to implement "Alternative J," the Forest Service-preferred alternative. To implement this alternative, 29 offstream watering sites and

11 miles of fence must be installed. In addition, the permittees must provide three range riders to ensure that the livestock are properly distributed. As a result, this project will serve as a model to demonstrate to the nation the benefits of livestock grazing combined with sound environmental practices.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$ 50,000 (U.S. Forest Service) $ 40,000 (Ruby Valley Grazing Association) $ 4,000 (Soil Conservation Service—in-kind) $ 4,450 (Headwaters RC&D—adminstrative)
ESTIMATED TOTAL PROJECT COST	$198,450
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT NO. 13

PROJECT SPONSOR	BUTTE-SILVER BOW GOVERNMENT
CATEGORY	Recreation

A project proposed to restore streambank habitat along Blacktail Creek in the center of Butte's urban area. The project will involve contouring the streambanks; reseeding native vegetation; planting shrubs, trees, and grass in the riparian zone; fencing areas to limit livestock access; and constructing wildlife ponds. The stream also will be narrowed to increase flows and its natural cleansing ability. Boulder weirs and overhanging vegetation will be used to improve fish habitat, and a pedestrian walkway will be built to provide public access. The project will return Blacktail Creek to a natural, free-flowing stream and restore the fish habitat and riparian areas. In addition, the project will enhance Butte's urban area and provide recreational opportunities to local residents.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$ 4,610 (Project Sponsor) $ 5,000 (Trout Unlimited) $ 5,000 (ARCO Coal) $ 2,000 (Department of Fish, Wildlife and Parks—in-kind)
ESTIMATED TOTAL PROJECT COST	$116,610
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT NO. 14

PROJECT SPONSOR	MONTANA BUREAU OF MINES AND GEOLOGY
CATEGORY	Education

A project proposed to provide an innovative approach toward groundwater supply protection and groundwater education. Primary and secondary students at schools not using municipal water supplies will participate in developing "wellhead protection plans" for their schools' wells. The elements needed to develop a wellhead protection plan include defining the wellhead protection area, identifying potential contaminant source areas, and managing the wellhead protection area. Developing and implementing such a plan will require an interdisciplinary effort that incorporates areas such as science, computers, math, social studies, and communications. Eleven Montana schools have expressed an interest in developing individual wellhead protection plans for the wells that supply their drinking water. These schools are located in various geographic areas throughout the state and are representative of the diverse land use and geologic and hydrogeologic environment throughout Montana.

REQUEST	$ 94,184 GRANT
OTHER FUNDING SOURCES	$ 13,069 (Department of Health and Environmental Sciences) $ 9,830 (Office of Public Instruction) $ 28,594 (Montana Bureau of Mines and Geology)
ESTIMATED TOTAL PROJECT COST	$145,677
AMOUNT RECOMMENDED	$ 94,184 GRANT

PROJECT NO. 15

PROJECT SPONSOR	TOWN OF WINNETT
CATEGORY	Municipal

A project proposed to help preserve the quality of water in McDonald Creek and protect local area groundwater from present and future contamination by the town's sewer system.

The town's sewage collection system was constructed in 1922. Sewer lines in the town's southern half run against the lay of the land with flat grades. As a result, some blocks continue to use septic systems, and other blocks are being plugged by raw sewage. Manholes located throughout the town need to be repaired, and some are on the verge of caving in and causing extraneous material to enter the sewer. The portion of town lying north of Main Street is serviced by a combined storm drain/sanitary sewer system that feeds the lift station and aerated lagoons. Storm water causes problems with overflow, with the lift station pumps, and with hydraulic overloading of the aerated lagoon. As a result, the treatment of the town's continuous discharge to McDonald Creek is out of permit requirements from time to time.

The town's sewer outfall crosses McDonald Creek with two 12-inch lines exposed in the bottom of the creek bed, which creates a hazard during floods and icy periods. In the past, this crossing has caused raw sewage to be discharged into McDonald Creek. This project will resolve these problems and, in conjunction

with an energetic maintenance program, help ensure that the town complies with state and federal regulations to preserve the quality of the water in McDonald Creek and the area groundwater.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$375,000 (Community Development Block Grant) $453,500 (Farmer's Home Administration Loan/Grant)
ESTIMATED TOTAL PROJECT COST	$928,500
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT NO. 16

PROJECT SPONSOR	FORT PECK RURAL WATER DISTRICT
CATEGORY	Municipal

A project proposed to determine the costs, service area, and service level for a rural water system to serve an area west and north of the town of Fort Peck in southeast Valley County. Most residents in this area haul water due to the lack of a water-bearing formation underlying the region. The proposed project would serve about 250 to 300 residences, including the unincorporated areas of Park Grove Wheeler, Duck Creek, the Fort Peck Lake cabins, and about 25 farms and ranches. The proposed study is needed to prepare a preliminary engineering report for the newly formed district that will provide an accurate assessment of funding needs and secure funding; determine the feasibility and cost of providing service to the entire district; and choose the most cost-effective and efficient service level for the district's water users.

REQUEST	$50,000 GRANT
OTHER FUNDING SOURCES	$ 1,000 (Project Sponsor—in-kind)
ESTIMATED TOTAL PROJECT COST	$51,000
AMOUNT RECOMMENDED	$40,000 GRANT

PROJECT NO. 17

PROJECT SPONSOR	TOWN OF DUTTON
CATEGORY	Municipal

A project proposed to provide the remainder of the funding needed to complete the Dutton water system that has been designed to ensure reliable water supplies.

This project consists of three parts. The first part, which has been completed, included 1,400 feet of riprap of the Teton riverbank to protect the town's sole water supply. The second part of the project, also completed, involved upgrading the town's water storage facilities, which included construction of a new 500,000-gallon water tank and a new transmission line to the distribution system. The third part of the project concerns

upgrading the existing supply system and transmission main. These improvements include installation of a reliable telemetry system, replacement of a poor section of transmission line, installation of a gas chlorination system, and improvements to the pumping station's valve work and piping. The focus of this funding request, however, is the replacement of a poor section of mile-long transmission line. The other improvements under this part of the project have been completed.

REQUEST	$94,680 GRANT
OTHER FUNDING SOURCES	None
ESTIMATED TOTAL PROJECT COST	$94,680
AMOUNT RECOMMENDED	$50,000 GRANT

PROJECT NO. 18

PROJECT SPONSOR	PETROLEUM COUNTY
CATEGORY	Recreation

A project proposed to offer Fort Peck Reservoir additional access and recreation such as camping, fishing, boating, hunting, and horseback riding. The project's objective is to make renewable resources more available to the public, including shower and rest room facilities, trailer hookups, and water, sewer, and electrical services for the cabins, restaurant, and store.

Crooked Creek Recreation Area now has a seasonal store, boat ramp, fenced storage for boats, and one toilet and camping facility. A map of the project site shows the proposed location for improvements such as a storage tank, wells, septic drain field, trailer hookups, new store and restaurant, camp sites, cabins, public shower and rest room facilities, fish-cleaning station, RV dump station, and water lines and stand pipes for watering trees and grass. These facilities require either water, sewer, or electrical services and/or distribution to ensure that needed improvements are completed and that they provide the public with a usable recreational facility.

In order to complete these improvements and protect public health and safety, the grant money received will help complete improvements for the water well, the water storage facility, water treatment, water distribution, wastewater disposal, the access road, parking, road lighting, and 7 miles of electrical service. The project also includes drilling and developing a well field at an anticipated depth of 800 to 1,000 feet. The number of wells drilled will depend on aquifer capacity and system demand.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$103,000 (Concessionaire) $200,000 (Corps of Engineers)
ESTIMATED TOTAL PROJECT COST	$403,000
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT NO. 19

PROJECT SPONSOR	EAST GLACIER WATER AND SEWER DISTRICT
CATEGORY	Municipal

A project proposed to construct a diversion structure that will alter the streamflow around an existing reservoir to a canal during periods of reservoir sediment cleaning. The objective is to improve water quality downstream of the reservoir during cleaning operations and to facilitate cleaning the reservoir. DNRC previously approved the project for both a grant and a loan, but complications delayed the project and funding was canceled. The complications have since been overcome, and the district is resubmitting its application.

Development of the diversion structure is part of an overall plan developed by the district to bring the quality of the drinking water supply to acceptable levels. With no treatment other than chlorination, this surface water source violates water quality standards because of high turbidity levels and potential giardia contamination.

Phase one of the plan involves the diversion project, and phase two focuses on developing a new water treatment facility. The district is applying for Community Development Block Grant funds to finance the treatment facility. When both phases of the plan are implemented, the community will have a complete water system that will satisfy water quality standards. Developing this system is a high and urgent community priority.

REQUEST	$ 25,610 GRANT $ 76,832 LOAN
OTHER FUNDING SOURCES	$ 1,180 (East Glacier Water and Sewer District—in-kind)
ESTIMATED TOTAL PROJECT COST	$103,622
AMOUNT RECOMMENDED	$ 25,905 GRANT $ 76,537 LOAN

PROJECT NO. 20

PROJECT SPONSOR	TOWN OF NASHUA
CATEGORY	Municipal

A project proposed to improve an existing water storage system. Engineering studies indicate that an existing concrete water tank (50 years old) is badly spalled and nearing structural failure. This structure is the town's sole reservoir supply source. If the tank fails, the town's water supply becomes contaminated and fire suppression capabilities dwindle. An engineer's recent cost estimate indicates an infrastructure project estimated at $262,000.

Constructing a new water storage reservoir is essential to the community's existence. Included with a new storage tank is the installation and replacement of 25 non-functioning water main valves and 8 non-functioning fire hydrants. At present, the town cannot control the water flow in its system to allow for

isolated maintenance on leaks or pipe failures. Properly working valves will allow the town to better control water flows through its water supply and distribution system. Replacing old hydrants that do not operate properly should produce better water quality and increased fire protection for local residents. Thus, flushing out the distribution system could take place.

Additional tank storage will be addressed during the project's engineering design phase to adequately handle the town's projected needs, including domestic, commercial, municipal, and fire protection requirements.

REQUEST	$ 50,000 GRANT
OTHER FUNDING SOURCES*	$212,000 (Farmer's Home Administration Grant/Loan) * The Town of Nashua has $71,000 in FmHA matching or contingency funds available.
ESTIMATED TOTAL PROJECT COST	$262,000
AMOUNT RECOMMENDED	$ 50,000 GRANT

PROJECT NO. 21

PROJECT SPONSOR	CARBON COUNTY
CATEGORY	Municipal

A project proposed to correct deficiencies in the town of Roberts' water system. Roberts, Montana, is an unincorporated community in Carbon County with a population of approximately 200. The town currently draws its water from two closely spaced wells. The water then is chlorinated and pumped to a 5,000-gallon storage pressure tank. The distribution system that supplies water to the water district users is made up of nearly 1,850 feet of 6-inch pipe and 5,000 feet of 4-inch pipe with substandard looping and valving.

Because of an extremely limited storage capability, undersized mains, and the lack of system looping, the Roberts water system is unable to meet minimum requirements for peak water demands, chlorination detention time, fire flow demand, and minimum operational pressures. In addition, the present chlorine feed system is extremely hazardous, if not potentially life-threatening, to people who work in or near the pump and storage facility. This facility is located at a point of surface runoff concentration and also is subject to potential flood damage and surface influence.

Providing a new pump and storage facility in a new location with a proper chlorine feed system, along with making distribution improvements, will ensure the community of Roberts an adequate water supply system free of the present health, safety, and operational problems.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$375,000 (Community Development Block Grant) $341,562 (Farmer's Home Administration Loan)

ESTIMATED TOTAL PROJECT COST	$816,562
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT NO. 22

PROJECT SPONSOR	CHINOOK DIVISION IRRIGATION ASSOCIATION
CATEGORY	Irrigation

A project proposed to rehabilitate Lohman Dam on the Milk River to ensure the dam's future reliability and eliminate excessive sand and silt diverted into the Fort Belknap Canal during irrigation season. The Chinook Diversion Irrigation Association proposes to replace the dam's spillway crest with a concrete ogee spillway. A gated sluiceway also will be constructed to help remove silt buildup behind the dam. An integral part of this project is the construction of a riprap jetty just upstream from the Fort Belknap Canal headworks.

The dam's new crest will be at an elevation that will eliminate the use of stop-logs as currently used on the existing crest. The new crest also will eliminate the need to check up the river's surface in order to divert water in the main canal. The canal's elevation can be controlled by changing the sluiceway gate position.

A portion of the work required to rehabilitate the dam will involve excavating a keyway for the base of the crest and for the upstream and downstream cutoffs. The Chinook Division Irrigation Association proposes either to contract the dam repair or purchase excavation equipment for the dam repair by force account.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$36,866 (Fort Belknap Irrigation District, Alfalfa Valley Irrigation District, and Zurich Irrigation District)
ESTIMATED TOTAL PROJECT COST	$136,866
AMOUNT RECOMMENDED	$ 34,217 GRANT $ 65,783 LOAN

PROJECT NO. 23

PROJECT SPONSOR	CHINOOK DIVISION IRRIGATION ASSOCIATION
CATEGORY	Irrigation

A project proposed to install measuring devices at the headworks of each of the main canals of five irrigation districts to quantify the diversions into each system and provide a means of recordkeeping. The measuring devices will allow an equitable distribution of water within the Chinook Division Irrigation Association and will reduce the amount of water diverted from the Milk River. Recording the diversions will enable the association to keep records from which it can more easily plan diversions for entire irrigation seasons. By using the measuring devices and controlling the diversions only to the amounts necessary, all distribution systems within the association will require less maintenance because they will not experience

the degradation associated with excessive diversions.

The initial measuring devices will form the nucleus for the complete monitoring system planned by Montana's Bureau of Reclamation office as part of a long-range program. This system will ensure that all water users are using water in accordance with the adjudication set by the courts. The measuring devices also will provide the control needed not only within individual districts but in the entire Milk River basin. River control from the Fresno Reservoir to Nashua will be provided by the measuring devices, which will permit reassurance that diversions become records for court use if necessary.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$ 44,693 (Chinook Division Irrigation Association)
ESTIMATED TOTAL PROJECT COST	$144,693
AMOUNT RECOMMENDED	$ 36,173 GRANT $ 63,827 LOAN

PROJECT NO. 24

PROJECT SPONSOR	LIBERTY COUNTY CONSERVATION DISTRICT
CATEGORY	Groundwater

A project proposed by the Liberty County Conservation District to identify and map existing wells, springs, and streams in the study area. Inorganic water samples will be collected and analyzed for selected wells and springs in the East Butte area and approximately 10 sites within a mile of the Sweetgrass Hills' western portion. A professional hydrogeologist will direct the data collection and interpretation to assess the extent of shallow groundwater contamination in the study area and to provide the information necessary for resource planning, development, and focus for future needs. The Analytical Division of the Montana Bureau of Mines and Geology will perform the chemical water analyses.

The Sweetgrass Hills in northwestern Montana are Tertiary intrusive geologic structures that have domed up the surrounding sedimentary formations, thereby exposing many of Montana's predominant aquifers. This ground surface exposure causes the area to be used as a major recharge area for aquifers in the Judith River, Eagle, Kootenai, Morrison, and Madison formations. In addition, the Sweetgrass Hills blocked the southern migration of glacial ice that produced a number of glacial outwash deposits in and around the hills. These outwash deposits are relatively shallow, surficial aquifers that supply drinking water to many private and community water systems.

Numerous complaints have been made that the water quality in the shallow glacial outwash deposits that serve as domestic water supplies is steadily degrading. Shallow aquifer salinization is the most noticeable problem. Numerous saline seeps have been detected, and ground surface contamination with brine has been noted because of infrastructure failures associated with oil-field activities. Concern also has been expressed about future mining in the Sweetgrass Hills and its potential impact on area groundwater.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$ 3,900 (Liberty County Conservation District) $ 38,347 (Montana Bureau of Mines and Geology)
ESTIMATED TOTAL PROJECT COST	$142,247
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT NO. 25

PROJECT SPONSOR	CUSTER COUNTY
CATEGORY	Waste

A project proposed by Custer County to purchase some of the machinery needed to expand recycling efforts. The actual recycling project will be operated by Eastern Montana Industries, a nonprofit corporation that provides services to disabled individuals. This corporation has provided recycling services to the Miles City area for more than 15 years. It needs to upgrade its equipment, however, to meet the demands of recycling additional waste products.

The project has received widespread community support, which the joint effort behind this proposal exemplifies. Along with grant administration by the county and program operation by the sheltered workshop, an active citizens group (Citizens for Recycling) will continue its public education and fundraising efforts.

Materials targeted for recycling from the landfill include newsprint, plastic, glass, and cardboard, all items generally deemed only marginally profitable to recycle. Equipment requests are being made for a larger baler and a used forklift.

REQUEST	$18,900 GRANT
OTHER FUNDING SOURCES	$ 3,200 (Project Sponsor) $37,050 (Eastern Montana Industries)
ESTIMATED TOTAL PROJECT COST	$57,150
AMOUNT RECOMMENDED	$ 4,725 GRANT

PROJECT NO. 26

PROJECT SPONSOR	TOWN OF CIRCLE
CATEGORY	Municipal

A project proposed to reduce fluoride and sodium levels in the municipal water system. The town of Circle has a current population of 805. Its municipal water supply is served by two deep water wells placed in the Fox Hill Sands geologic formation. The water from Fox Hill Sands contains high levels of fluoride,

about twice the limit allowed by the Department of Health and Environmental Sciences' Water Quality Bureau. The water also shows high sodium and solids contents. A preliminary engineering report completed for the town by a private consulting firm in 1988 studied two alternatives: lime softening (estimated to cost $700,000) and reverse osmosis (estimated to cost $200,000). The town of Circle considered both alternatives too expensive to undertake. The study now being proposed will select a feasible alternative that is affordable through increased user rates.

REQUEST	$40,000 GRANT
OTHER FUNDING SOURCES	None
ESTIMATED TOTAL PROJECT COST	$40,000
AMOUNT RECOMMENDED	$15,000 GRANT

PROJECT NO. 27

PROJECT SPONSOR	EASTERN SANDERS CONSERVATION DISTRICT
CATEGORY	Soil

A project proposed by the Eastern Sanders Conservation District to accelerate the progressive Sanders County area soil survey—which encompasses parts of Sanders, Lincoln, and Flathead counties—and to provide on-site, basic soil services in these counties. The progressive soil survey is about 66 percent complete. At present staffing levels, however, nearly six years would be needed to finish the soil survey. Soil information is necessary for soil and water conservation planning and water quality planning. It also helps prevent costly land management and development decisions. From 1987 until 1990, statewide priorities for soil surveys were directed toward the state's crop lands—mostly central and eastern—and away from western Montana's fragile forest lands and rangelands. After the 1985 Food Security Act's deadline was met, Soil Conservation Service (SCS) federal funding for a soil survey in Montana decreased dramatically, inhibiting any shift in soil survey priorities to western Montana.

The primary objective of this request is a staff increase of two soil scientists to work with the local SCS soil survey party. The SCS would provide the soil scientists with training, field equipment, office space, travel expenses, and general administrative support; the Eastern Sanders Conservation District will provide clerical services. Completion of this project will allow an additional 120,000 acres to be soil-surveyed over two years.

REQUEST	$ 99,000 GRANT
OTHER FUNDING SOURCES	$246,000 (Soil Conservation Service) $ 1,000 (Eastern Sanders Conservation District)
ESTIMATED TOTAL PROJECT COST	$346,000
AMOUNT RECOMMENDED	$ 99,000 GRANT

PROJECT NO. 28

PROJECT SPONSOR	MONTANA INSTITUTE OF TOURISM AND RECREATION
CATEGORY	Recreation

A project proposed to (1) determine tourism's positive and negative effects on Montana communities, and (2) examine tourism's influence on objective measures of a community's quality of life. The information gained from this study will help communities consider tourism's probable impacts. Obtaining this information immediately is important so that communities can use it early in the tourism development process. Using the information at an early stage can enhance tourism's positive effects and reduce its negative impacts. Without this knowledge at hand, communities will not be able to make educated choices about the levels and types of tourism they want. As a result, they may not realize tourism's potential benefits and instead experience its negative, unexpected impacts.

REQUEST	$42,593 GRANT
OTHER FUNDING SOURCES	None
ESTIMATED TOTAL PROJECT COST	$42,593
AMOUNT RECOMMENDED	$35,494 GRANT

PROJECT NO. 29

PROJECT SPONSOR	TOWN OF HOT SPRINGS
CATEGORY	Recreation

A project proposed by the town of Hot Springs to rebuild the abandoned Tribal Bathhouse into a modern, hot water therapy center. The Camas Therapy Center will offer physical rehabilitation, therapy programs, and health care through the use of hot mineral water and related, medically approved disciplines.

The center will provide about 100 full-time jobs within the community located in Sanders County, where unemployment averaged more than 16 percent during 1991. The center also will provide a health care facility that is greatly needed throughout this region.

More than 50 gallons per minute (gpm) of hot mineral water currently flow down a ditch and serve no purpose. This water now will be used to help with healing illnesses and injuries. The water then will be recycled and used for maintaining a 6.78-acre park that surrounds the facility. Modern geothermal and solar technology will be used to heat and cool the building.

REQUEST	$ 100,000 GRANT
OTHER FUNDING SOURCES	$ 50,000 (Hot Springs Swimming Pool Fund) $ 300,000 (Community Development Block Grant) $ 900,000 (Economic Development Administration) $ 700,000 (Federal Home Administration/Small Business Administration)

ESTIMATED TOTAL PROJECT COST	$2,050,000
AMOUNT RECOMMENDED	$ 100,000 GRANT

PROJECT NO. 30

PROJECT SPONSOR	GLASGOW IRRIGATION DISTRICT
CATEGORY	Irrigation

A project proposed by the Glasgow Irrigation District to provide accurate measurements that will help management maintain constant and accurate water deliveries while encouraging conservation. Operation and maintenance costs should be reduced in rehabilitated areas and for rehabilitated features. The proposed project's environmental benefits will include reduced seepage and salt-bearing groundwater, less disturbance to habitat and existing wildlife from maintenance activities, and a decrease in weed control chemicals being used for ditchbank and aquatic weed control.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$107,526 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$207,526
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT NO. 31

PROJECT SPONSOR	HILGER COUNTY WATER AND SEWER DISTRICT
CATEGORY	Municipal

A project proposed to develop a potable community water supply system and create a central sewage collection, treatment, and disposal system that does not contaminate the groundwater resource. All homes in Hilger have septic tank, drainfields, on-site treatment facilities. Some homes have cesspools that are underground pits into which raw household sewage or other untreated liquid waste is discharged. The liquid from the cesspools seeps to the groundwater in a manner similar to improperly operating drainfields.

Seepage pits also may be installed in the area. A seepage pit usually follows a septic tank and sometimes is used in place of a drainfield for percolation of the septic tank effluent into the soil. Because seepage pits also represent a potential pollution source, a centralized wastewater treatment facility should be used in lieu of existing, improperly working, on-site treatment facilities.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$375,000 (Community Development Block Grant) $177,300 (Environmental Protection Agency Loan)

ESTIMATED TOTAL PROJECT COST	$652,300
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT NO. 32

PROJECT SPONSOR	VALLEY COUNTY
CATEGORY	Recreation

A project proposed to allow better use of Fort Peck Lake by giving boaters a safe harbor for storing their boats. To do this, a breakwater will be constructed across an existing bay near the west side of Fort Peck Dam. The breakwater will protect the inside of the bay from large waves while providing access to the lake from the bay.

In a lake as large as Fort Peck, the wind can cause the waves to build up significantly. During storms, waves can be large enough to damage boats left in docks that provide no protection from the waves Constructing a breakwater will provide this safe harbor and allow more future development of the marina facilities. In turn, the lake's recreational use will increase.

Expanding the use of Fort Peck Lake has been a long-time goal for the people of eastern Montana. In 1946, the original Fort Peck Lake Master Plan discussed the recreation potential the lake would bring to the eastern part of the state. The 1986 governor's forums on Montanans outdoors recognized the lake's recreational potential and the need for this potential to be developed. Although much has been said about recreational development, little has been done. This project will allow better use of the lake's water, develop much-needed recreation, and provide the surrounding area with some greatly needed economic development opportunities.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$400,000 (Corps of Engineers) $300,000 (Reclamation and Development Grant)
ESTIMATED TOTAL PROJECT COST	$800,000
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT NO. 33

PROJECT SPONSOR	MILE HIGH CONSERVATION DISTRICT
CATEGORY	Groundwater

A project proposed to (1) make a comparative analysis of long-term, groundwater quality trends in Montana's Northern Great Plains region by re-sampling 200 or more wells previously sampled by the Montana Bureau of Mines and Geology (MBMG) during 1975 to 1978, along with selected wells within the Montana Salinity Control Association program; and (2) establish a baseline database for radon concentra-

tions in groundwater at selected sites throughout Montana. Sites may include 200 wells previously sampled by the MBMG in 1975, along with MBMG research wells in western Montana.

REQUEST	$ 99,812 GRANT
OTHER FUNDING SOURCES	$ 4,031 (Project Sponsor) $ 34,682 (Montana Bureau of Mines and Geology)
ESTIMATED TOTAL PROJECT COST	$138,525
AMOUNT RECOMMENDED	$ 99,812 GRANT

PROJECT NO. 34

PROJECT SPONSOR	DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, KALISPELL WATER RESOURCES REGIONAL OFFICE
CATEGORY	Groundwater

A project proposed to provide the detailed technical framework needed for responsible groundwater management. This framework will help ensure the consistency of groundwater development with the production capability of available aquifers without adverse effects on water quality or quantity.

The Flathead Valley shows one of the state's highest growth rates. Hard data on aquifers in use throughout the valley are either unavailable, sparse, or discontinued. Several agencies have management (quantity and quality) responsibilities that generally are implemented independently.

The proposed project divides the Flathead Valley into three transects (north, middle, and south) from which data are to be gathered and conclusions drawn about remaining aquifers. This represents an innovative, proactive approach toward basinwide hydrologic management rather than a reactive management scheme. This project's initial phase is an integral part of an extensive groundwater study proposed for the Flathead Valley.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$ 51,410 (Project Sponsor) $ 20,000 (U.S. Geological Survey) $135,500 (Unsecured)
ESTIMATED TOTAL PROJECT COST	$ 306,910
AMOUNT RECOMMENDED	$100,000 GRANT

PROJECT NO. 35

PROJECT SPONSOR	MISSOULA URBAN TRANSPORTATION DISTRICT
CATEGORY	Air

A project proposed to study the feasibility of converting public-owned transit vehicles from diesel fuel to clean-burning, energy-efficient, alternative fuel. The project addresses two important natural resource issues in Montana: air quality and energy consumption. Air quality in Montana's rapidly growing urban areas is of increasing concern and may limit economic growth during the next decade. Because of this concern, communities throughout the state will begin to rely more on mass transit systems to solve future traffic congestion and vehicle-related air pollution problems.

Missoula is a community well known for its wintertime air pollution and currently is designated as an air quality "Non-attainment Area" for particulate matter and carbon monoxide pollution. Nearly 74 percent of the city's carbon monoxide and 8 percent of the particulate pollution are caused by motor vehicle emissions.

The Missoula Urban Transportation District operates as the Mountain Line Bus Company in Missoula. This local mass transit system provides transportation for thousands of Missoulians each year.

Using an alternative fuel to operate public-owned, mass transit vehicles will help Missoula and other Montana communities achieve and maintain the air quality attainment status under the Federal Clean Air Act, reduce the amount of energy consumed, and set an example for Montana citizens in the area of energy savings and air quality management.

REQUEST	$56,185 GRANT
OTHER FUNDING SOURCES	$ 9,405 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$65,590
AMOUNT RECOMMENDED	$56,185 GRANT

PROJECT NO. 36

PROJECT SPONSOR	LITTLE BEAVER CONSERVATION DISTRICT
CATEGORY	Water Reservations

A project proposed to provide technical and legal assistance to the 11 conservation districts identified within the lower Missouri River and Little Missouri River basins during the upcoming water reservation proceedings. Defending the water reservation applications submitted by the districts to the Board of Natural Resources and Conservation is the project's primary goal. If granted, these applications will play an important role in ensuring that irrigation, along with other consumptive users, can continue to grow.

Because of limited recources, the conservation districts are unable to provide funds for this effort. Therefore, this grant is necessary so that the interests of the irrigators and other agricultural water users may be considered. The funds will be managed by a council comprised of members from the 11 conservation

districts. This council will decide with whom to contract and also will handle any other management decisions that may arise.

REQUEST	$ 84,700 GRANT
OTHER FUNDING SOURCES	$ 22,700 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$107,400
AMOUNT RECOMMENDED	$ 47,318 GRANT

PROJECT NO. 37

PROJECT SPONSOR	RAVALLI COUNTY
CATEGORY	Groundwater

A project proposed to delineate and map areas of relative groundwater pollution potential on nonfederally owned lands in Ravalli County. The resulting pollution potential maps will be used as primary tools for land use planning and decision-making on water-related development issues. In addition, a site-specific demonstration of the vulnerability assessment will be conducted in the Eightmile area.

Located in southwestern Montana, Ravalli County is one of the state's fastest-growing regions and has seen significant subdivision and loss of agricultural lands during the past decade. This increased population density has placed new demands on the region's water resources. Because of maximum allocation and overallocation of water rights in the past, new surface water sources for domestic supply and irrigation are nonexistent. As a result, groundwater is being used as the water source to supply new growth.

Concerns have been raised throughout the county about groundwater quality and the capability of certain aquifers to provide sustainable supplies of high-quality water. Residents of areas such as the Eightmile area have begun questioning new development because of concerns about protecting groundwater.

This project will give state and local regulators, land use planners, and political leaders a qualitative tool for evaluating land use suitability based on protecting groundwater quality. Similar models developed throughout the United States have proven extremely useful as primary tools for protecting groundwater supplies.

REQUEST	$88,340 GRANT
OTHER FUNDING SOURCES	$ 4,600 (Ravalli County)
ESTIMATED TOTAL PROJECT COST	$92,940
AMOUNT RECOMMENDED	$88,340 GRANT

PROJECT NO. 38

PROJECT SPONSOR	YELLOWSTONE COUNTY
CATEGORY	Municipal

A project proposed by Yellowstone County to conduct a feasibility study that includes preliminary design and cost estimates adequate for funding final plans and construction of a water distribution system for the proposed Shepherd area / Yellowstone County Water and Sewer District for rural domestic and other uses. The Billings Bench Water Association Canal will serve as the principal source of water that will be treated and distributed to rural residents in the Shepherd area. Nearly 1,500 people now reside in this fast-growing area. Initial conceptual designs are based on a future population of 3,500 people, with an average use of 150 gallons per capita per day.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	None
ESTIMATED TOTAL PROJECT COST	$100,000
AMOUNT RECOMMENDED	$ 85,000 GRANT

PROJECT NO. 39

PROJECT SPONSOR	MONTANA STATE UNIVERSITY
CATEGORY	Education

A project proposed to write, edit, and publish a bulletin/text that explains Montana water law. The document will be titled *The Layperson's Guide to Montana Water Law: a text and guide for the people of Montana.* Its intended audience includes farmers, ranchers, townspeople, environmentalists, and others interested in using and developing water. Source material for the document will include but not be limited to the *Montana Code Annotated* statutes, selected water law cases, Department of Natural Resources and Conservation materials, and interviews with lawyers and judges. The general format will focus on a history of Montana water law, changes in the law, the present situation, adjudication, water reservations, protecting existing rights, acquiring new rights, water right transfers, legal remedies, the Montana state water plan, and future directions.

REQUEST	$31,740 GRANT
OTHER FUNDING SOURCES	$23,350 (Montana State University)
ESTIMATED TOTAL PROJECT COST	$55,090
AMOUNT RECOMMENDED	$31,740 GRANT

PROJECT NO. 40

PROJECT SPONSOR	HILL COUNTY
CATEGORY	Groundwater

A project proposed to construct a drainage system to remove surface runoff in the fairgrounds/shopping mall/industrial park area immediately west of the city of Havre. The area suffers from an acute saline seep problem that threatens to make much of the land unsuitable for any use, which would produce devastating economic and environmental impacts. The project will be funded by a variety of sources, including the Department of Transportation, Hill County, and other federal and state agencies. The feasibility of creating a salinity control district also will be investigated.

REQUEST	$ 100,000 GRANT
OTHER FUNDING SOURCES	$ 180,000 (Department of Transportation) $ 100,000 (Hill County) $ 200,000 (Salinity Control District) $ 420,000 (Federal matching funds—unconfirmed)
ESTIMATED TOTAL PROJECT COST	$1,000,000
AMOUNT RECOMMENDED	$ 50,000 GRANT $ 50,000 LOAN

PROJECT NO. 41

PROJECT SPONSOR	ROOSEVELT COUNTY CONSERVATION DISTRICT
CATEGORY	Recreation

This project is proposed to gain accessibility to the Missouri River from three sites located between Fort Peck Dam and the North Dakota border. This stretch of the Missouri River currently has no boat ramps. This is considered an untapped resource that, when opened to the public, will be enjoyed by fishermen, canoeists, floaters, water skiers, and others.

In conjunction with the ramp sites, the need for overnight campsites also is a project goal. In the past, the Missouri River's downstream areas have not allowed the development of recreational facilities. If one, two, or all three ramp sites were allowed to be constructed, some objectives of opening up access to the river could be met.

The requested funding will be used primarily to purchase or lease prospective sites, road work, boat ramps, toilet facilities, picnic tables, and parking areas. The area's civic organizations overwhelmingly support the project, and part of the actual construction can take place with the help of many of these groups. Interest and support has been shown by the area Chambers of Commerce, Lion's clubs, FFA organizations, Boy Scouts, women's clubs, Walleyes Unlimited, and Rod and Gun clubs.

The merits of this type of undertaking are obvious. Without it, the Missouri River will continue to flow by the communities of Wolf Point, Poplar, and Culbertson, and the area's outdoorsmen will be prohibited from gaining access to it.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	Unknown
ESTIMATED TOTAL PROJECT COST	Undetermined
AMOUNT RECOMMENDED	$ 7,000 GRANT

PROJECT NO. 42

PROJECT SPONSOR	FORT SHAW IRRIGATION DISTRICT
CATEGORY	Irrigation

This project proposes a related fish and wildlife, farm budget, engineering cost estimate, and environmental assessment study to be conducted by the Bureau of Reclamation. The benefits of the study would be realized from installing the proposed diversion pipe from the main canal of the Fort Shaw Irrigation Project to the "A" system drop. This would enable the Fort Shaw Irrigation District to be more efficient in its diversions, and it also would help water quality downstream.

REQUEST	$50,000 GRANT
OTHER FUNDING SOURCES	None
ESTIMATED TOTAL PROJECT COST	$50,000
AMOUNT RECOMMENDED	$50,000 GRANT

PROJECT NO. 43

PROJECT SPONSOR	DODSON IRRIGATION DISTRICT
CATEGORY	Irrigation

This project is proposed to replace 3,900 feet of old canal with 1,400 feet of plastic pipe to eliminate seepage from the canal and to conserve water. This proposed replacement of two existing pumps with energy-efficient pumps also would conserve electricity. Installing the proposed project would provide an improved water supply and would provide benefits for the next 40 to 50 years for the Dodson Irrigation District and others.

REQUEST	$62,895 GRANT
OTHER FUNDING SOURCES	$63,383 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$126,278
AMOUNT RECOMMENDED	$31,569 GRANT $31,326 LOAN

PROJECT NO. 44

PROJECT SPONSOR	FORT SHAW IRRIGATION DISTRICT
CATEGORY	Irrigation

A diversion pipe will be constructed from the Main Canal to the "A" system drop by passing a siphon over Simms Creek. The siphon carries 165 cubic feet per second (cfs), and the diversion pipe would carry approximately 80 cfs. Since the Fort Shaw Irrigation District's water right is 258 cfs, the pipe would enable the district to use its rights instead of lose them if the river is adjudicated.

The pipe would enable the district to serve its users better by eliminating waiting periods during peak irrigation seasons, which means better crops and also less waste. Users will not think they have to overirrigate because they might not get water when they want it. More water will be in the river because of better control and because fewer sediments will be put back into the river from wasteways. The district now must keep the Simms Creek siphon close to capacity, which causes seep. The new pipe would reduce the amount of water passing through the siphon and make more water available to the entire project.

REQUEST	$ 50,000 GRANT
OTHER FUNDING SOURCES	$ 25,000 (Fort Shaw Irrigation District) $200,000 (U.S. Bureau of Reclamation)
ESTIMATED TOTAL PROJECT COST	$275,000
AMOUNT RECOMMENDED	$ 50,000 GRANT

PROJECT NO. 45

PROJECT SPONSOR	FLATHEAD JOINT BOARD OF CONTROL
CATEGORY	Irrigation

A project proposed to solve difficult irrigation system wastewater problems while improving water quality and fish habitat, with the results applicable to numerous sites throughout Montana. The project would involve a cooperative effort by private landowners, the Flathead Irrigation Project, the Flathead Joint Board of Control, and the Confederated Salish and Kootenai tribes.

The problem being addressed involves spilling wastewater flows down intermittent stream channels and causing excessive erosion and sedimentation. This practice on Crow Creek contributes to one of the most significant water quality problems documented in the Clark Fork drainage basin. The problem has shown a dramatic negative effect on fishery values in Crow Creek.

This project would eliminate wastewater entering Crow Creek by diverting it to an existing small reservoir. The reservoir would be expanded from 40 to 70 acre-feet, a new spillway would be constructed, and two diversion structures would be used to redistribute wastewater flows. A pipeline would be installed to eliminate a large section of inefficient ditch, and more than 2 miles of inefficient irrigation ditch would be eliminated.

REQUEST	$99,000 GRANT
OTHER FUNDING SOURCES	$ 11,500 (Flathead Joint Board of Control) $ 2,500 (Soil Conservation Service) $ 32,500 (Private Individual) $ 32,500 (Flathead Irrigation Project)
ESTIMATED TOTAL PROJECT COST	$178,000
AMOUNT RECOMMENDED	$ 44,500 GRANT $ 54,500 LOAN

PROJECT NO. 46

PROJECT SPONSOR	WHITEFISH COUNTY WATER AND SEWER DISTRICT
CATEGORY	Streambank

A project proposed to test methodology and materials for stabilizing large (upward to 250 feet) claybanks along an 8-mile stretch of the primary stream feeding Whitefish Lake. Although the pilot project was designed to work on only three of about 40 large claybanks that contribute toward the rapid degradation of Whitefish Lake, a popular recreational attraction, the project's results would serve as a prototype for eventually approaching the much-larger problem.

The pilot project's design focused on stabilizing the claybanks by draining runoff water concentrated on top of the bank; placing several barrier structures on the face of each bank to impede soil erosion; and planting riparian vegetation to hold and eventually stabilize the banks. Rock-filled gabions, large logs, and natural boulders were placed along the stream to protect the toes of the three project claybanks.

A distinct lesson learned resulted from the 1991 near-record, 100-year spring runoff. The higher construction above and on the face of the claybanks held up admirably under the extreme conditions. Three of the four installed gabions washed out, however, and the channel changed and now threatens the toes of all three original pilot project claybanks. If allowed to continue to attack the unprotected toes of the claybanks, the pilot project eventually will be lost. Protecting the pilot project will provide heavy riprap armor to the claybank toes.

REQUEST	$51,406 GRANT
OTHER FUNDING SOURCES	$ 4,280 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$55,686
AMOUNT RECOMMENDED	$13,921 GRANT $ 37,485 LOAN

PROJECT NO. 47

PROJECT SPONSOR	BIG HORN CONSERVATION DISTRICT
CATEGORY	Groundwater

A project proposed to drill an artesian water well to replace an inoperable artesian well and to restore water to a wildlife/wetland area that is being lost. Five reservoirs in this wildlife/wetland area total more than 50 surface acres. Water for this area came from a 3,700-foot artesian well drilled into the Madison formation during the 1960s.

In 1989, the flow from the original well began to decrease significantly. During an attempt to clean the well, the casing collapsed because of age and shifting strata, which caused the water flow to stop. Professionals agree that the old well cannot be repaired and that drilling a new well is the only solution.

The water from this well has benefitted many people in this area and other people in Montana as well. Area benefits include irrigation and stockwater availability to five local farming/ranching operations, and hunting and fishing access to sportsmen, both local and distant. People by the thousands who appreciate the aesthetics of an easily viewed and enjoyed wildlife/wetland area with its many ducks, geese, pheasants, antelope, and deer have used the area from the interstate system. When completely full, one of the larger reservoirs lies on both sides of Interstate 90 six miles west of Hardin.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$ 20,000 (Department of Fish, Wildlife and Parks) $ 25,000 (Gladys and Pete Herman) $ 15,605 (Unsecured)
ESTIMATED TOTAL PROJECT COST	$160,605
AMOUNT RECOMMENDED	None

PROJECT NO. 48

PROJECT SPONSOR	CITY OF DILLON
CATEGORY	Municipal

A project proposed to meet provisions of the Clean Water Act, eliminate turbidity, and chlorinate wells. According to the Clean Water Act, all surface water sources must be treated and filtered by July 1, 1993. Rattlesnake Creek has been Dillon's primary water source for many years; it produces 1,000 gallons of water per minute.

To comply with provisions of the Clean Water Act, to eliminate excessive turbidity levels, and to maintain acceptable chlorination levels, the city plans to construct a water treatment and filtration plant for its Rattlesnake Creek supply and to chlorinate its four main wells.

REQUEST	$ 100,000 GRANT
OTHER FUNDING SOURCES	$ 990,000 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$1,090,000
AMOUNT RECOMMENDED	None

PROJECT NO. 49

PROJECT SPONSOR	FERGUS COUNTY
CATEGORY	

A project proposed to provide adequate water for irrigation, fire protection, and human and livestock use in the Central Montana Fairgrounds' northern area. In 1991, Fergus County voters—by a two-to-one margin—passed a $975,000 bond issue to replace the original 80-year old grandstand at the Central Montana Fairgrounds. Construction is underway, and the project should be completed by July 1992. When plans were being drawn for the new grandstand, the current water and sewer system was believed sufficient for handling all the fairground activities. This new facility apparently will tax the present water source to the fairgrounds because there is only a 3-inch line to the site. Because the city is unable to place a larger feeder line to the fairgrounds within the foreseeable future, the plan involves dividing the fairgrounds in half, with the southern half served by city water and the northern half by the new well.

REQUEST	$7,458 GRANT
OTHER FUNDING SOURCES	In-kind labor and equipment required to make proposed improvements (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$7,458
AMOUNT RECOMMENDED	None

PROJECT NO. 50

PROJECT SPONSOR	MADISON COUNTY
CATEGORY	Waste

A project proposed to handle the increased recycling volume caused by the county's population growth. A baler, forklift, pallet jack, chipper, and two covered trailers will be purchased, and the existing recycling building will be enlarged. A recycling coordinator will be hired to organize education, volunteers, marketing, and promotion, and a center manager will be hired to operate the equipment.

REQUEST	$66,850 GRANT

OTHER FUNDING SOURCES	$ 3,250 (Madison Valley Hospital) $ 1,200 (Family Counts) $ 4,000 (Donations) $ 1,250 (Madison County) $ 50 (3-Rivers) $ 2,500 (Volunteers)
ESTIMATED TOTAL PROJECT COST	$ 79,100
AMOUNT RECOMMENDED	None

PROJECT NO. 51

PROJECT SPONSOR	MEAGHER COUNTY CONSERVATION DISTRICT
CATEGORY	Irrigation

A project proposed to install a 20-mil reinforced plastic membrane in 7,500 feet of South Side Canal. Through extensive testing and continued testing during 1991, the worst seepage areas will be isolated and the plastic lining will be designed for installation in these areas. The canal would be regraded in these sections, over-excavated, and the side slopes reduced to 3:1. Keyways are designed along the sides to ensure that the plastic liner stays in place. One foot of graded material will cover the bottom of the lining and canal, and the sides will be replaced to a 2:1 slope, which will provide more than 1 foot of cover. The area will be reshaped, graded, and reseeded to prevent noxious weed invasion and erosion.

Monitoring water quality in the Smith River will begin during the spring of 1993, which will provide a benchmark of existing water quality throughout the 1993 irrigation season. Continued monitoring would determine the effect of proper irrigation water management and canal lining on overall water quality in the Smith River.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$ 25,000 (American Soil Conservation Service Loan) $ 25,000 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$150,000
AMOUNT RECOMMENDED	None

PROJECT NO. 52

PROJECT SPONSOR	MONTANA BUREAU OF MINES AND GEOLOGY
CATEGORY	Groundwater

A project proposed to provide a preliminary evaluation of water quality, water quantity, reservoir size, and hydrogeologic controls on geothermal resources in Montana. The Montana Bureau of Mines and Geology (MBMG) identified and sampled approximately 100 geothermal wells and natural springs in 1980.

These sites will be re-sampled, along with any new identified sites, and the data will be used to evaluate the effects of development and naturally occurring changes on each geothermal site. From this new data, information about the geothermal reservoir size, temperature, and groundwater source and interaction can be estimated.

The final product of the project will include a comprehensive database of location, chemistry, temperature (surface and reservoir), rank (low, moderate, high), well depth, flow, and other data as appropriate. The final report will include a summation of old and new data for each site, with a conceptual geologic and hydrogeologic model, an evaluation of changes that have taken place at each site, and a map (1:1,000,000 scale) of all known geothermal resources in Montana.

REQUEST	$ 74,153 GRANT
OTHER FUNDING SOURCES	$ 44,335 (Project Sponsor) $ 30,000 (U.S. Department of Energy)
ESTIMATED TOTAL PROJECT COST	$148,488
AMOUNT RECOMMENDED	None

PROJECT NO. 53

PROJECT SPONSOR	CITY OF POLSON
CATEGORY	Municipal

A project proposed to eliminate leakage and potential health hazards at the city of Polson's reservoir. Polson has two 250,000-gallon reservoirs in its lower zone that are quickly deteriorating. They are concrete tanks covered by a metal building. The city of Polson wants to reconstruct these tanks to eliminate the leakage and potential back siphonage of contaminated water. If the tanks are not repaired and become inoperable, the city also would lose its main water supply source for domestic and fire purposes.

REQUEST	$ 55,000 GRANT
OTHER FUNDING SOURCES	$ 100,000 (Security State Bank, Polson) $ 100,350 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$255,350
AMOUNT RECOMMENDED	None

PROJECT NO. 54

PROJECT SPONSOR	CITY OF SHELBY
CATEGORY	Municipal

A project proposed to expand the capacity of the city of Shelby's existing well field by constructing a system of low yield wells. The existing well capacity of Shelby's well field is not capable of meeting the community's water consumption needs. This situation becomes critical when the well field's recharge is hampered by a dropping water table. In these situations, the well field can only be pumped eight hours a day, which produces only 800,000 of the needed 2.73 million gallons of water. This situation shows the potential to hamper the community's growth and development.

REQUEST	$100,000 GRANT
OTHER FUNDING SOURCES	$319,000 (Project Sponsor)
ESTIMATED TOTAL PROJECT COST	$419,000
AMOUNT RECOMMENDED	None

CHAPTER 2

WATER DEVELOPMENT COAL SEVERANCE TAX LOANS FOR MORE THAN $200,000 TO PUBLIC ENTITIES

A. History of Program

Only publicly owned projects are eligible to receive Water Development loans for more than $200,000 These loans are provided with proceeds from the sale of Coal Severance Tax (CST) secured bonds and frequently are offered at a subsidized interest rate. The subsidy is provided by directing coal tax revenues

In 1981, at the same time the legislature created the Water Development loan program, it also adopted Senate Bill 409, which provided for up to $250 million in Montana Coal Severance Tax bonds to be issued "for financing specific water resource development projects and activities in the state authorized by the Legislature." Statutes dictate that loans made from Coal Severance Tax bond proceeds are to be administered by the Department of Natural Resources and Conservation (DNRC), and that DNRC is to review each project to determine its technical and financial feasibility.

Although the legislation was adopted in 1981, CST loans were not issued for the first few years because the constitutionality of the state's bonding authority under this program was initially challenged In February 1984, the Montana Supreme Court ruled in the state's favor in *Grossman v. State of Montana*, and the first Montana CST bond was sold during that same year.

In September 1985, the Board of Examiners adopted a general resolution pursuant to which all subsequent CST bonds have been issued. (A copy of this resolution may be obtained from DNRC.) The general resolution requires that bonds issued be secured on a parity basis. This means that all subsequent CST bond issues would have the same right or ability on proceeds flowing into the trust fund to pay bond holders. However, to assure bond holders of there always being enough CST revenue to meet debt service payments, the general resolution restricts the amount of bonds that can be issued. This restriction placed on issuing CST bonds by the general resolution is much more constraining than the $250 million statutory limit The general resolution does not allow any additional CST bonds to be issued if annual debt payments exceed 50 percent of the CST revenue allocated to the trust, plus 50 percent of the loan repayments received from local government borrowers. Figure 2.1 shows the calculation of the amount of additional CST bonds that can be issued under the general resolution.

FIGURE 2.1

REMAINING COAL SEVERANCE TAX BONDING CAPACITY CALCULATION
December 8, 1992

REVENUE			
Coal Severance Tax Revenue			$20,410,700 [1]
One-half the Maximum Annual Debt Service			+ 3,095,500
Total Annual Revenue			= $23,506,200
COVERAGE REQUIREMENT AND OUTSTANDING DEBT			
One-half the Total Annual Revenue			$11,753,100 [2]
Maximum Annual Debt Service			- 6,191,000
Annual Available Bonding Capacity			= $ 5,562,100
ADDITIONAL BONDING CAPACITY			
Annual Capacity	Interest	Term	
$5,562,100	6.5 percent	20 years	
Total Bonding Capacity			$61,286,040 [3]
Available CST Bond Proceeds			+ 9,563,000
Authorized Project Loans			- 31,642,510 [4]
Total Remaining Capacity			= $39,206,530

[1] Coal Severance Tax revenue is based on a three-year average of projected revenue for fiscal years 1993, 1994, and 1995, as reported in the 1992 Series B, Official Statement.

[2] The Additional Bonds Test requires two times coverage. This is equivalent to dividing the available revenue in half; therefore, for the purpose of this calculation, the total annual revenue is divided by 2.

[3] Total bonding capacity is the present value of the annual available bonding capacity. The present value was calculated using the interest rate and the term listed.

[4] Project loans were authorized in House Bill 7 and House Bill 6, passed by the 1992 Legislature.

The largest CST bond was issued to finance the Broadwater Hydropower Project. Other CST bond issues were used to construct or rehabilitate municipal drinking water facilities, community sewer systems, and irrigation storage and distribution facilities. Chapter 6 provides a list of all local government loans currently in repayment status and shows projects that have been authorized for funding but have yet to receive a loan.

B. Interest Rates and Bond Repayment

The legislature establishes the interest rate subsidy on loans to public entities made from Coal Severance Tax Bond proceeds. Loans may be provided at a rate less than the rate at which the state bond is sold for all or part of the term. During its financial review of each loan application, DNRC prepares a funding recommendation that includes a recommended interest rate subsidy. In 1987, the legislature directed that the recommended subsidy for municipal projects typically consider the user rate as a percentage of the "median household income." The schedule for subsidies with respect to municipal projects is presented below.

1. If less than 1 percent of the median household income is required to pay user rates, no subsidy is recommended;

2. If the user rate is at least 1 percent but less than 2 percent, a 1 percent interest rate subsidy for five years is recommended;

3. If the user rate is at least 2 percent but less than 4 percent, a 2 percent interest rate subsidy for five years is recommended; and

4. If the user rate is more than 4 percent of the median household income, a 3 percent interest rate subsidy for five years is recommended.

The interest rate on CST loans is determined by the bond market at the time CST bonds are sold. The rate of interest on most loans from the program will vary in accordance with the rate on the state CST bonds. The basic rate of interest on all loans financed from proceeds of a specific bond issue will be the same. As indicated, subsidies will vary, depending on legislative authorization. Some loans, primarily those for irrigation projects, have received a subsidized rate over the entire term of the loan. Currently, five projects have received loans at a fixed rate—four are fixed at 3 percent over 30 years, and one is fixed at 6 percent for 30 years.

Coal Severance Tax revenue is used to pay the difference between payments received by local government borrowers and the state CST bond payments. Thus, CST bonds are paid with revenue from payments from local government borrowers along with Coal Severance Tax proceeds.

To implement these repayment provisions, the statute established a fund structure within the permanent Coal Tax trust fund. As Figure 2.2 illustrates, the 50 percent of CST proceeds flowing to the permanent trust fund is first deposited in the Coal Severance Tax bond fund. A portion of the proceeds deposited in the bond fund is transferred to the debt service account to pay for the interest rate subsidies. An amount equal to a year's debt service payment on all CST bonds is held in reserve in the bond fund.

Proceeds that exceed the subsidy payments and reserve requirement are transferred to the Coal Severance Tax School Bond contingency account. This fund was established to provide security to school bonds issued during the 1992-93 biennium. These excess proceeds are transferred to the Clean Coal Technology Demonstration fund. For each of the fiscal years 1994 and 1995, $5 million is deposited into the Clean Coal fund. The remaining proceeds then are transferred into the Treasure State Endowment fund, which retains 50 percent of this income. Finally, the 50 percent of the proceeds that is transferred into the Treasure State account is transferred to the Coal Severance Tax permanent fund and the Instate Investment fund.

With the exception of the Treasure State Endowment Fund, the interest earnings associated with all account balances are transferred to the Coal Severance Tax Income fund. These interest earnings then are transferred to the general fund (85 percent) and the School Foundation Program (15 percent).

COAL SEVERANCE TAX TRUST FUND FLOW OF FUNDS SUMMARY

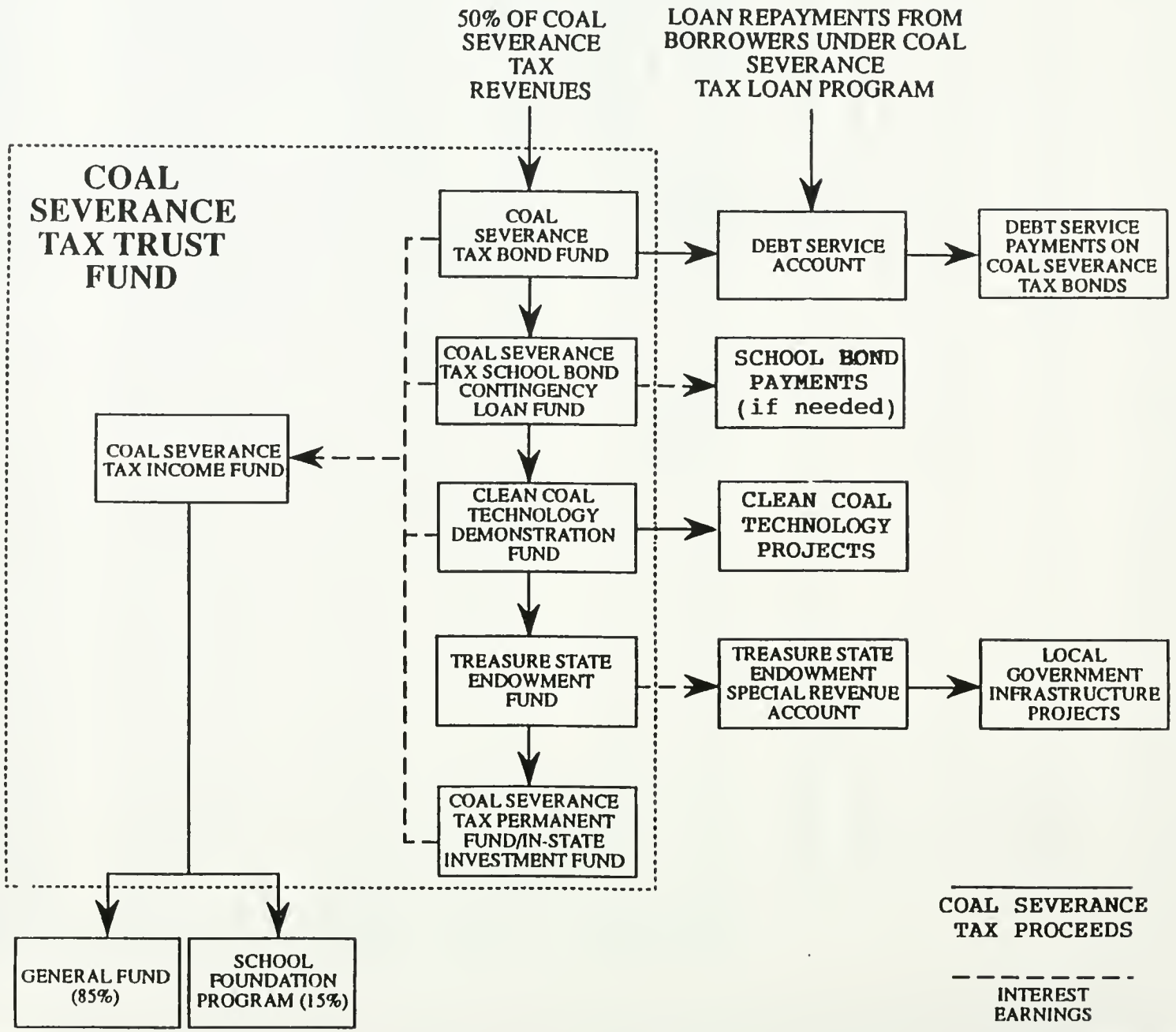

50% OF COAL SEVERANCE TAX REVENUES
LOAN REPAYMENTS FROM BORROWERS UNDER COAL SEVERANCE TAX LOAN PROGRAM
COAL SEVERANCE TAX TRUST FUND
COAL SEVERANCE TAX BOND FUND
DEBT SERVICE ACCOUNT
DEBT SERVICE PAYMENTS ON COAL SEVERANCE TAX BONDS
COAL SEVERANCE TAX SCHOOL BOND CONTINGENCY LOAN FUND
SCHOOL BOND PAYMENTS (if needed)
COAL SEVERANCE TAX INCOME FUND
CLEAN COAL TECHNOLOGY DEMONSTRATION FUND
CLEAN COAL TECHNOLOGY PROJECTS
TREASURE STATE ENDOWMENT FUND
TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT
LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS
COAL SEVERANCE TAX PERMANENT FUND/IN-STATE INVESTMENT FUND
GENERAL FUND (85%)
SCHOOL FOUNDATION PROGRAM (15%)
COAL SEVERANCE TAX PROCEEDS
INTEREST EARNINGS

FIGURE 2-2

C. Loan Administration

For each loan application, DNRC conducts a preliminary review to determine whether the proposed project for which a loan application has been made is financially feasible. A project is considered financially feasible if sufficient funds can be made available to complete the project, and if sufficient revenue can be obtained to repay the loan and to operate, maintain, and replace the project. DNRC may require access to the applicant's most recent financial statement, budget document, and other documentation in order to assess whether the project is financially feasible.

DNRC's determination is based on but not limited to an assessment of the project's condition, the number of current and potential users, current and proposed user fees for the project, current and proposed user fees for other utilities in the project's jurisdiction, overlapping indebtedness within the project's jurisdiction, and any other financial or demographic conditions relevant to an applicant's ability to repay the loan. During the preliminary review of such material, if DNRC determines that the loan cannot be repaid in accordance with its terms, loan funding is not recommended.

Along with making a preliminary determination of the financial feasibility of projects recommended to the legislature, DNRC thoroughly assesses an applicant's financial status when loan funds are requested in order to determine—by using information available at the time—whether the borrower will be able to repay the loan. Before purchasing a local government bond, a bond purchase agreement is prepared and executed to make specific requirements and covenants with respect to a project or improvements to a project being financed. As appropriate, these and other stipulations also are contained in a bond resolution.

Unless otherwise authorized, each loan—including principal and interest—shall be payable over a term approved by DNRC not to exceed 30 years. The cost of issuing the state's bond also is paid by borrowers.

Borrowers must acquire all property rights necessary for the project, including rights-of-way and interest in land needed for a project's construction, operation, and maintenance. Title insurance, a title opinion, or other documents that show land ownership, mortgages, encumbrances, or other lien defects also must be furnished. Releases, consents, or subordinations to the property rights for holders of outstanding liens or other instruments as necessary for a project's construction, operation, and maintenance must be obtained and recorded.

Each borrower must agree not to sell, transfer, lease, or otherwise encumber the project, any portion of the project, or interest in the project without DNRC's prior written consent. Further, DNRC must give written approval of any changes or modifications in a project either before or during construction. Borrowers are required to acquire and maintain, with respect to the project, property and casualty insurance and liability insurance. Insurance policies must name DNRC as a certificate holder for notification purposes.

For local government revenue bonds, borrowers must establish a system fund to segregate the revenue of the system or district. Within the system or district fund, the following accounts are established: Construction Account, Operating Account, Revenue Bond Account, Reserve Account, Replacement and Renewal Account, and Surplus Account. These accounts ensure that the system's revenue and other funds are properly applied in a manner reasonably satisfactory to DNRC.

Loans are disbursed by warrants drawn by the State Auditor, or by wire transfers authorized by the State Treasurer in accordance with the provisions of this rule and the bond resolution. No disbursement of any loan funds shall be made unless DNRC has received from the borrower (1) a duly adopted and executed bond resolution in a form acceptable to DNRC; (2) an executed bond in a principal amount equal to the loan amount, also in a form acceptable to DNRC; (3) a certificate from an official of the governmental unit stating

that no litigation is threatened or pending that would challenge the governmental unit's authority to undertake the project, to incur the loan, to issue the bonds, and to collect revenue; (4) an opinion from the bond counsel that the bond is a valid and binding obligation of the borrower payable in accordance with its terms; and (5) any other closing certificates or documents that DNRC or the bond counsel may require.

Borrowers must maintain proper and adequate records of accounts that show the complete and correct entries of all receipts, disbursements, and other transactions related to the project and, if applicable, the monthly gross revenue derived from the project's operation. Any segregation and application of the gross revenue resolution also must be shown in such reasonable detail as may be determined by the borrower in accordance with generally accepted accounting practices and principles.

Under the usual terms of DNRC's bond purchase agreement, each borrower must comply with reporting requirements during the construction period and continue to do so throughout the term of the loan. According to these requirements, within 180 days after the close of each fiscal year, the borrower must prepare and supply to DNRC an appropriate financial report with respect to the project for such fiscal year. This report must include a statement that details the project's income and expenditures for the fiscal year, identifies capital expenditures, and separates them from operating expenditures; a balance sheet as of the end of the fiscal year; the number of premises connected to the project at the end of the fiscal year; the amount on hand in each account of the fund at the end of the fiscal year; and a list of the insurance policies and fidelity bonds in force at the end of the fiscal year, setting out each amount, the risks covered, the name of the insurer or surety, and the expiration date of the policy or bond.

DNRC typically requires that within 180 days of the close of every other fiscal year an audit report be prepared by an independent certified public accountant or an agency of the state. This audit report provides DNRC with an analysis of the borrower's compliance with the provisions of the bond resolution.

D. 1992 Coal Severance Tax Bond Loan Applications

Four application requests totaling $7.2 million were submitted for Coal Severance Tax bond loan funding. Figure 2.3 lists the applications received and DNRC's recommendations. Summaries of the four projects follow Figure 2.3. Project summaries presented in more detail have been prepared and incorporated into Appendix A. Copies of this appendix are available from DNRC upon request.

Figure 2.3

COAL SEVERANCE TAX BOND LOANS, 1993 FUNDING RECOMMENDATIONS

COAL SEVERANCE TAX LOANS: 1992 REQUESTS

Project Sponsor	Recommended Loan Amount	Interest Rate	Term (Years)
ENNIS, TOWN OF	$1,100,000	1.0% below bond rate for first 5 years	20
HUNTLEY PROJECT IRRIGATION DISTRICT	4,875,440	3.0%	20
DNRC-NORTH FORK OF THE SMITH RIVER DAM	1,393,467	3.0%	20
TIN CUP WATER COMPANY	304,204	3.0%	20
TOTAL	$7,673,111		

PROJECT SUMMARIES

PROJECT NO. 1

PROJECT SPONSOR	DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, WATER RESOURCES DIVISION
CATEGORY	Storage

A project proposed to rehabilitate the state-owned North Fork of the Smith River Dam. The dam has been determined high-hazard and unsafe because of an inadequate spillway capacity to meet present dam safety standards. Higher-than-normal seepage also has been detected at the toe of the dam. DNRC has selected a rehabilitation alternative that involves increasing the reservoir's storage by raising the spillway crest by 1.7 feet, constructing an auxiliary spillway to pass the appropriate spillway design flood, and raising the dam crest by 5 feet. This approach is based on preliminary design, cost, and benefit data but also would meet the criteria outlined in the dam safety standards.

REQUEST	$1,024,000 LOAN	at 3 percent over 30 years.
OTHER FUNDING SOURCES	$ 150,000 (Department of Natural Resources and Conservation, Water Resources Division) $ 150,000 (Department of Fish, Wildlife and Parks)	
ESTIMATED TOTAL PROJECT COST	$1,324,000	
AMOUNT RECOMMENDED	$1,393,467	at 3 percent over 20 years.

PROJECT NO. 2

PROJECT SPONSOR	TOWN OF ENNIS
CATEGORY	Municipal

A project proposed to make improvements to the town of Ennis' water storage and distribution system A 300,000-gallon reservoir will be constructed, and a 12-inch transmission main will connect the reservoir to the existing distribution system. The new tank will increase available storage from 250,000 to 500,000 gallons, which will enable the community to fight much larger fires. The reservoir also will be placed at an elevation such that water pressure in the town's southwest portion can be increased to an acceptable level Distribution system improvements will be made to provide a core that will satisfy fire supply needs to all areas—particularly the commercial district—and several dead-end water mains will be connected to eliminate stagnant and/or contaminated water.

REQUEST	$1,100,000 LOAN	
OTHER FUNDING SOURCES	None	
ESTIMATED TOTAL PROJECT COST	$1,100,000	
AMOUNT RECOMMENDED	$1,100,000	at 1 percent below the state's bond rate for the first 5 years, and at the bond rate for the remaining 15 years.

PROJECT NO. 3

PROJECT SPONSOR	HUNTLEY PROJECT IRRIGATION DISTRICT
CATEGORY	Storage

A project proposed to rehabilitate three structures in the irrigation project's intake area. This rehabilitation specifically involves relocating the main diversion gates to the immediate vicinity of the diversion dam, reconstructing the diversion dam, and reconstructing tunnel number 2. The diversion gates are located upstream from the dam, which causes the district to enter into the stream channel each year to remove gravel deposits. The diversion dam has shown movement and is slipping downstream, and the diversion tunnel—constructed during the early 1900s—could fail at any time.

REQUEST	$4,875,440 LOAN	at 0 percent over 30 years.
OTHER FUNDING SOURCES	$176,530 (Project Sponsor)	
ESTIMATED TOTAL PROJECT COST	$5,051,970	
AMOUNT RECOMMENDED	$4,875,440	at 3 percent over 20 years.

PROJECT NO. 4

PROJECT SPONSOR	TIN CUP WATER COMPANY
CATEGORY	Storage

A project proposed to rehabilitate and bring into compliance the Tin Cup Lake Dam located south and west of Darby in the Selway-Bitterroot wilderness area. The dam has been designated as "high-hazard" and must be rehabilitated to comply with federal dam safety regulations. The project sponsor proposes raising the dam crest height to allow for routing the probable maximum flood (PMF), increasing the spillway capacity, reshaping and armoring both the upstream and downstream slopes of the dam, and rehabilitating the inlet and outlet controls to the dam. Because the dam is located in a wilderness area, care must be taken to ensure that all applicable U.S. Forest Service rules and regulations are strictly followed.

REQUEST	$273,242 LOAN	at 2 percent over 30 years.
OTHER FUNDING SOURCES	$ 7,000 (Tin Cup Water Company)	
ESTIMATED TOTAL PROJECT COST	$280,742	
AMOUNT RECOMMENDED	$304,240	at 3 percent over 20 years.

CHAPTER 3

WATER DEVELOPMENT PRIVATE GRANT AND LOAN PROGRAM

A. History of Program

When the Water Development Program was established in 1981, the statute included separate provisions for funding grants and loans to private individuals. Thus, private individuals may apply for grant and/or loan funds to finance projects that provide the benefits prescribed under the program. Projects must promote and advance the beneficial use of water, and they must allow Montana's citizens to fully use the state's water.

The statute outlines criteria for grant projects and provides DNRC with the authority to review and approve projects to the extent that grant funds are appropriated. In the past, however, DNRC has not received an appropriation for private grants. Historically, private grant applications were solicited, reviewed, ranked, and administered with public grant applications (see Chapters 1 and 5). As a result, DNRC removed specific references to private individuals in legislative reports and during its legislative presentations. Legislative appropriations then were made to individual private projects identified by the project title, with the project sponsor listed only as "Private Applicant."

In 1991, DNRC was reminded that under Montana's Constitution appropriations may not be made to individuals. To provide for private grants in 1993, DNRC will request a lump sum appropriation for funding to be provided to private applicants under a separate application process. Applications shall be solicited, reviewed, ranked, and administered through a process similar to that outlined in Chapter 1 for public grants. As provided by statute, final funding approval will be made by DNRC's director.

Loans to private individuals also must promote and advance the beneficial use of water and allow Montana's citizens to fully use the state's water. Loan funding was begun in 1981 when the legislature earmarked $350,000 of Renewable Resource Development funds to finance loans to private individuals. At the same time, DNRC was given the authority to issue general obligation Water Development bonds to finance both public and private loans.

Loan financing now is available at an interest rate of 8.56 percent from the proceeds of DNRC's 1991 bond sale. With the downturn in interest rates for loans through the conventional market, loans under DNRC's Water Development program currently appear less attractive. In response, DNRC is taking steps to blend existing funds with lower-interest money to provide a more favorable rate to the loan program's key participants—Montana's agriculture operators.

As of October 1990, 74 private loans had been approved. A total of $5,021,157 was advanced, and $178,000 was committed to projects that had not been disbursed. Loans have been to used to finance projects involving irrigation systems, ditch-lining, and riprap.

B. Bonding Capacity

DNRC has the authority to issue general obligation Water Development bonds totaling up to $10 million to finance public and private loans. Thus far, bonds totaling about $6 million have been issued to finance both public and private loans. Figure 3.1 lists the status of private loans that have been authorized under the Water Development program.

Figure 3.1

Private Loan Summary 1981 - 1992

	Contract Number	Borrower	City	Amount	Loan Balance	Rate	Interest Security
1)	85-3012	BIG DITCH CO.	Laurel	80,000.00	1,225.20	7.2000	Water Right/ Turn-off.
2)	91-3144	BOLSTAD, J AND M	Homestead	53,000.00	51,119.08	8.5600	1st on 160 acre; 2nd on 477 acre.
3)	86-3061	BOOHER, BARBARA	Clancy	200,000.00		6.9200	Loan loss $200,000.00.
4)	86-3037	BOUMA, L	Augusta	86,397.00	63,678.12	7.2200	3rd mortgage on 916 acres and equipment.
5)	86-3038	BRADY, R AND L	Fairfield	48,567.93	43,618.82	7.2200	2nd mortgage on 130 acres.
6)	82-3003	BUSBY, D AND C	Black Eagle	35,000.00		12.6200	Loan satisfied.
7)	90-3133	CANYON RANCH, INC.	Dillon	315,000.00		9.0000	1st mortgage on 960 acres.
8)	85-3027	CARLSON, P	Roberts	47,500.00	44,617.83	9.0000	2nd mortgage on 480 acres.
9)	85-3009	COVE IRRIGATION	Laurel	72,000.00	23,806.82	7.2000	Water Right, Turn-off.
10)	86-3031	CUMMINS, D	San Ramon	37,536.00		7.2200	$20,125.00 written off.
11)	86-3034	DAIRY LAND FARMS	Manhattan	29,610.00	23,472.23	7.2200	3rd mortgage on 470 acres.
12)	86-3065	DOLAN, J	Belgrade	25,000.00	17,129.13	7.2200	2nd mortgage 10 acres w/house near Belgrade.
13)	86-3032	DYKSTRA, S	Bozeman	39,510.00	32,816.31	7.2200	1st mortgage 160 acres.
14)	90-3140	EAST BENCH FARMS	Dillon	60,000.00	55,446.93	9.0200	2nd mortgage on 530 acres.
15)	86-3056	EDMONSON, H AND J	Bozeman	48,276.00	34,851.21	6.9200	2nd mortgage on 210 acres.
16)	89-3122	EKSTROM, D	Clinton	50,575.00	32,283.10	9.5300	2nd mortgage on 210 acres.
17)	85-3028	FABER, N	Chinook	133,598.50	112,980.53	8.7100	2nd mortgage on 1400 acres.
18)	91-3150	GENTRY, R AND T	Glendive	155,000.00	149,571.90	8.5600	1st mortgage on 560 acres and equipment.
19)	85-3021	GILTRAP, R	Twin Bridges	24,530.00	20,325.71	8.7100	1st mortgage on 44 acres.
20)	86-3036	GLAUS, K	Cardwell	46,458.00	39,998.30	7.2200	2nd mortgage on 755 acres.
21)	91-3143	GORDON CATTLE CO.	Chinook	200,000.00	137,885.33	8.5600	1st mortgage on 3985 acres. Contract
22)	88-3102	GRADY, R	Canyon Creek	22,680.00	15,490.14	7.3300	1st mortgage on 640 acres.
23)	86-3076	GULICK, M AND D	Fairfield	53,000.00	40,840.61	6.9200	2nd mortgage on 220 acres.
24)	89-3120	GULICK, M AND D	Fairfield	95,000.00	88,255.37	9.5300	1st mortgage on 320 acres.
25)	86-3070	HERSRUD, L AND K	Columbus	15,000.00	11,236.66	7.2200	2nd mortgage on 130 acres.
26)	85-3023	HOLLIDAY L'STOCK CO.	Martinsdale	45,463.00	27,065.71	8.7100	2nd mortgage on 640 acres.
27)	86-3072	HULS DAIRY	Corvallis	45,000.00	32,367.14	7.2200	2nd mortgage on 160 acres.
28)	86-3073	IVERSON, D	Fairview	25,250.00	12,263.69	7.2200	3rd mortgage on 1393 acres.
29)	88-3099	JENNI, D	Lewistown	100,000.00	85,869.58	7.3300	1st mortgage on 644 acres.
30)	89-3112	JOHNS RANCH INC.	Whitehall	48,500.00	42,358.49	7.3300	1st mortgage on 1,370 acres
31)	89-3118	JOHNSON, M	Fairfield	40,000.00	30,830.87	7.3300	3rd mortgage on 160 acres.
32)	89-3115	JOHNSON, M	Fairfield	41,810.00	36,170.23	7.3300	1st mortgage on 125 acres.
33)	90-3132	KAMERMAN, D	Manhattan	42,000.00	39,359.10	9.5300	1st mortgage on 40 acres; 2nd on 430 acres.
34)	86-3055	KASPER BROTHERS	Fairfield	50,000.00	36,780.17	6.9200	2nd mortgage on 1115 acres.
35)	86-3063	KEARNS RANCH	Melrose	85,000.00	63,496.14	6.9200	2nd mortgage on 920 acres.
36)	89-3121	KIMM SR., C	Bozeman	48,790.00	43,161.99	7.3300	2nd mortgage on 445 acres & equipment.
37)	86-3062	KLINKER, N	Fairfield	45,000.00	32,337.10	7.2200	2nd mortgage on 120 acres.
38)	86-3074	KOLB, L	Missoula	40,000.00	31,482.57	8.7100	1st mortgage on 80 acres.
39)	88-3105	LARSON L & LVSTK	Choteau	74,680.00	57,383.55	7.3300	2nd mortgage on 1191 acres - equipment.
40)	90-3130	MALONE, M	Livingston	34,730.00	31,675.16	9.5300	2nd mortgage on 240 acres.
41)	86-3071	MANLEY RANCHES	Drummond	65,000.00	46,869.11	7.2200	1st mortgage on 640 acres.

42)	87-3080	MANUEL, R	Fairfield	48,027.69	36,764.24	6.9200	2nd mortgage on 200 acres.
43)	84-3006	MARSTAELLER, G AND S	Melville	175,000.00	170,823.59	7.2000	Bankruptcy plan.
44)	85-3026	MARTINSEN, L(MADSEN)	Roberts	16,159.80		8.7100	Loan assumed by Carlson. Contract
45)	89-3116	MCINERNEY, G	Fairfield	44,295.00	38,727.21	7.3300	2nd mortgage on 158 acres and equipment.
46)	85-3020	MELLINGER, G AND D	Fairfield	26,600.00	21,659.69	8.7100	2nd mortgage on 600 acres.
47)	84-3007	MICHUNOVICH, J	Billings	119,834.38	16,476.93	7.2000	1st mortgage on 15 lots.
48)	88-3095	MIDVALE WATER SERV	Eureka	95,525.00	79,468.98	7.3300	1st mortgage on three parcels of real estate.
49)	93-3161	MUCHMORE, F	Helena	18,435.00	18,435.00	8.5600	2nd mortgage on 15 acres.
50)	83-3005	NERLIN, D AND D	Bozeman	45,000.00	6,202.64	9.0700	2nd mortgage on 250 acres.
51)	86-3039	OHS, G	Harrison	194,937.41	91,591.80	7.2200	2nd mortgage on 488.5 acres.
52)	92-3154	PADDOCK BROS.	Fairfield	68,260.00	64,281.41	8.5600	2nd mortgage on 790 acres.
53)	84-3008	PEARCE, M AND D		75,000.00		7.2000	Loan transfered to Canyon Ranch.
54)	85-3019	PEARCE, M AND D		81,903.00		8.7100	Loan transfered to Canyon Ranch.
55)	86-3058	PEARSON, G	Fairfield	80,000.00	57,471.00	7.2200	2nd mortgage on 320 acres.
56)	89-3113	PERKINS, I & SONS	Bynum	40,000.00	30,812.83	7.3300	2nd and 3rd mortgages on 4,000 acres.
57)	89-3123	PIRTZ, R	Pray	27,800.00	24,788.48	9.5300	2nd mortgage on 320 acres and sprinkler.
58)	85-3024	PL'SNT HLS H'OWNER	Kalispell	12,168.67	4,652.63	8.7100	1st mortgage on real estate and water system.
59)	84-8003	PONDERA CANAL CO.	Valier	100,000.00	25,799.86	7.2000	1st mortgage on land and buildings.
60)	90-3135	POTOSI GENERAT'G CO	Idaho Falls	119,979.72	119,979.72	8.7100	1st mortgage on real estate and equipment.
61)	86-3049	POTOSI POWER CO	Pony	200,000.00		8.7100	Loan transfered to Potosi Generating Co.
62)	86-3064	PRIDDY, C	Dixon	20,550.00	15,282.84	6.9200	1st mortgage on 80 acres.
63)	86-3069	R-BAR-RRANCH, INC.	Cameron	20,000.00	14,365.01	7.2200	2nd mortgage 640 acres.
64)	88-3107	R-BAR-R RANCH, INC.	Cameron	20,000.00	16,529.28	7.3300	2nd mortgage on 640 acres and equipment.
65)	92-3153	SADDLE MNTN SERV	Clancy	46,200.00	29,540.26	7.2300	1st and 2nd mortgages - $79,700.00.
66)	89-3111	SAMPSEN, R	Dagmar	70,000.00	57,013.70	7.3300	1st mortgage on 160 acres; Co-signatures.
67)	86-3033	SINNEMA-FLIKKEMA	Manhattan	38,430.00	30,450.39	7.2200	2nd mortgage on 1300 acres.
68)	89-3126	SMITH FARMS, INC.	Dagmar	50,800.00		9.5300	Loan satisfied.
69)	91-3151	SPA MOTEL	Wh Sul Sprs	35,200.00	34,270.31	8.5600	2nd mortgage on real and personal property.
70)	92-3155	SPANGLE RRANCH	Dillon	43,140.00	43,140.00	8.5600	1st on 640 acres.
71)	83-3004	SQUIRES, K	Fort Benton	18,400.00	137.15	10.9400	Loan satisfied.
72)	91-3142	STANDLEY SR., D	Fairfield	64,820.00	62,234.51	7.2300	2nd mortgage on 517 acres.
73)	92-3156	STEINBACH, M	Wolf Creek	45,000.00	45,000.00	8.5600	1st mortgage on 120 acres.
74)	90-3137	STENSVAD, INC.	Melstone	30,000.00	28,770.94	9.0200	1st mortgage on 115 acres.
75)	90-3131	STODDARD, S	Dillon	200,000.00	186,361.39	9.5300	2nd mortgage on 3,000 acres.
76)	85-3022	STOVALL, W AND S	Roberts	70,000.00	59,936.12	8.7100	2nd mortgage on 840 acres.
77)	86-3035	STUCKY, EARL	Avon	109,750.00	109,750.00	7.2200	2nd mortgage on 1100 acres.
78)	82-3002	SWAN RANCH CO.	Twin Bridges	9,915.00			Loan satisfied.
79)	85-3025	SWANDAL, BONNIE	Livingston	30,000.00		8.7100	Loan satisfied.
80)	87-3088	TONNE, WAYNE R.	Geraldine	40,170.00	28,894.06	7.8100	2nd mortgage on 317 acres.
81)	92-3158	TRI. G, INC.	Townsend	82,680.00	82,680.00	8.5600	2nd mortgage on 547 acres.
82)	87-3081	TWO LEGGINS	Hardin	120,000.00	72,340.43	6.9200	Real estate/Turn-off. Contract
83)	87-3090	VANDYKE, N AND D	Bozeman	46,815.00	36,999.82	7.9600	2nd mortgage on 242 acres.
84)	90-3141	VENHUIZEN S. 'TATOES	Manhattan	200,000.00	185,247.93	9.0200	2nd mortgage on 320 acres; personal guarantee.
85)	86-3057	WAGON WRENCH, INC.	Pony	180,000.00	139,319.05	7.2000	1st mortgage on 760 acres.
86)	88-3109	WILLIAMS, W AND L	Toston	51,000.00		7.3300	Loan satisfied.
			TOTAL:	**6,036,257.10**	**3,776,319.13**		

C. Interest Rates

To finance loans, DNRC sells bonds on the open market. The rate on the state general obligation bond determines the interest rate for private loans. The basic rate has ranged from 7.2 to 9.02 percent. Before 1986, state bonds sold to finance DNRC projects were tax-free. The tax law of 1986, however, prohibited financing private ventures with tax-free bonds. Therefore, bond sales to finance private projects during 1988, 1989, and 1991 were taxable. Because investors demand a higher interest rate on taxed investments, loans from these taxable bonds show interest rates higher than those of the earlier, tax-free bonds.

Along with interest costs, borrowers also pay a pro-rata share of bond issuance costs. Issuance costs added to the higher interest rates because of the rate on taxable bonds produce an interest rate that may seem higher than conventional financing. DNRC's loans, however, provide financing at a fixed interest rate for a period longer than that available to borrowers through their local financial institutions. As a result, longer terms and competitive fixed interest rates make these loans attractive to borrowers interested in long-term financing for major equipment or system purchases.

D. Loan Administration

For private individuals, $200,000 is the maximum loan amount allowable under the Water Development program. DNRC lends funds for a term not longer than the estimated useful life of the equipment purchased or materials installed. For new irrigation equipment, 15 years is the allowable term; for used equipment, the term usually is 10 years or less.

Because closing costs will outweigh the benefit of DNRC's lower interest rate, DNRC recommends that projects needing less than $10,000 seek funding from other sources. These costs include a $150 non-refundable application fee and title insurance.

A project must be considered technically and economically feasible, and it must pay for itself over the life of the installation through water savings, increased crop production, or another measurable outcome. Loans must be secured with real property valued higher than the loan amount requested. According to statutes, security equal to at least 125 percent of the loan's value is required. DNRC has found that to adequately secure the state's interest, a security equal in value to at least 150 percent of the loan is appropriate. For example, a loan application for $75,000 would require real estate security of $112,500. DNRC will accept a second mortgage on property if the state's interest can be adequately secured.

After an application is approved for financing, interim financing may be secured with interest costs included in the Water Development loan financing. The Water Development program does not refinance existing loans; only new ventures are eligible.

E. 1991 and 1992 Private Loan Applications

As of the end of October 1992, 13 loan applications had been received for the period of November 1990 through October 1992. Applicants requested a total of $1,090,615. Twelve of these loans were approved by DNRC's director and have received or will receive $828,500. Another loan was determined financially not feasible and was not approved by the director. Figure 3.2 lists the application requests received and DNRC's recommendations.

FIGURE 3.2

PRIVATE LOAN APPLICATIONS, 1991-92

Contract Number	Amount Requested	Amount Approved
Pending	$ 78,880	$ 78,880
91-3144	53,000	53,000
91-3150	155,000	155,000
91-3143	200,000	137,885 [1]
93-3161	18,435	18,435
92-3154	68,260	68,260
92-3153	46,200	46,200
91-3151	35,200	35,200
92-3155	43,140	43,140
91-3142	64,820	64,820
92-3156	45,000	45,000
92-3158	82,680	82,680
	200,000	Denied
TOTALS	$1,090,615	$ 828,500

[1] A loan of $200,000 was requested and approved. The applicant was able to finance the project with only $137,885.

CHAPTER 4

WATER DEVELOPMENT PROGRAM EMERGENCY GRANTS

In addition to funding available during each Water Development Program and Renewable Resource Development Program grant cycle, limited funding also is available for emergency projects to help solve immediate water-related problems faced by state and local governments. These emergency funds are reserved for water development projects that, if delayed until regular legislative approval can be obtained, will cause substantial damage or legal liability to the project sponsor.

As with funding for other water development projects and activities, emergency funds must be used for projects that will enhance the common well-being of Montanans through measurable conservation, management, use, development, and protection (including improvement or reclamation) of a targeted water-related resource.

Each emergency grant request submitted during fiscal years 1992 and 1993 was reviewed by DNRC staff and, based on the staff's recommendation, was approved or denied for funding by DNRC's director. Total funding for all emergency grants may not exceed the legislative biennial appropriation for emergency projects under the Water Development Program. Also, a single emergency grant may not be funded in excess of the biennial appropriation less the total of all emergency grants funded previously during the biennium.

In 1991, the legislature authorized $125,000 for emergency grants. A $32,800 grant was approved for an emergency project in Fairview. The town requested this grant to replace a water well that produced a large amount of sand that could have severely damaged the town's new water treatment facility. Since Fairview had only one other well, a new well was needed to meet current water quality standards.

Emergency grant requests also were received from the Huntley Irrigation District, the Whitefish Water and Sewer District, the town of Malta, and the Sun River School District, but these were not funded. Although Whitefish Water and Sewer District was offered some funding, the district was unable to obtain the additional funding needed to meet proposed project costs. The other grant requests were not funded because their proposed projects did not meet the test of what constitutes an "emergency."

Any funds not disbursed for emergency grants will be used to fund lower-ranked grant projects approved for funding by the legislature in 1991. DNRC will request an additional $125,000 during the 1993 session to fund emergency grants for fiscal years 1994 and 1995.

CHAPTER 5

SUMMARY OF 1987, 1989, AND 1991 GRANT PROJECTS FUNDED BY THE WATER DEVELOPMENT AND RENEWABLE RESOURCE DEVELOPMENT PROGRAMS

A. Completed and/or Closed Grant Projects

1. Project Sponsor — HILL COUNTY CONSERVATION DISTRICT

   Project Name — Grass Drill Purchase

   Contract Number — RRD-HCCD-5520

An $8,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 1 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $8,000 disbursed. A grass drill was purchased for seeding permanent vegetation contracted under the federal Conservation Reserve Program and for renovating rangelands and pasture.

2. Project Sponsor — MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, CONSERVATION DISTRICTS DIVISION

   Project Name — Electronic Survey Equipment Purchase

   Contract Number — RRD-88-5526

A $9,300 grant was authorized in 1987 through House Bill 7. This project was ranked Number 2 under the Renewable Resource Development Program.

Project Status:

The project was successfully completed and closed, with $9,300 disbursed. A computerized surveying instrument that uses infrared light to make readings rather than visual readings was purchased to reduce the time associated with surveying and designing conservation projects.

3. Project Sponsor MADISON CONSERVATION DISTRICT

Project Name Mobile Saw for Forest Land Management

Contract Number RRD-88-5524

A $23,850 grant was authorized in 1987 through House Bill 7. This project was ranked Number 4 under the Renewable Resource Development Program.

Project Status:

The project was closed because complications with insuring the operator made completing the project infeasible. The $8,538.67 disbursed was used to purchase a mobile saw for use in conjunction with a forestry management project on 2,000 acres of private forest land in Madison County.

4. Project Sponsor MONTANA STATE LIBRARY

Project Name Montana Water Resources Data Management

Contract Number WDG-88-5070

A $97,712 grant was authorized in 1987 through House Bill 7. This project was ranked Number 1 under the Water Development Program.

Project Status

The project was successfully completed, with $97,712 disbursed. Funds were used to build a water resources data management system into the statewide Natural Resource Information System.

5. Project Sponsor BEAVERHEAD COUNTY WATER DISTRICT

Project Name Lima Dam Rehabilitation Study

Contract Number WDG-88-5066

A $64,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 2 under the Water Development Program.

Project Status

The project was successfully completed, with $64,000 disbursed. Funds were used to develop alternatives and make recommendations that will result in the most effective way to resolve dam safety concerns. Lima Dam is classified as a high-hazard dam and has been declared unsafe by the U.S. Army Corps of Engineers.

6. Project Sponsor — MONTANA BUREAU OF MINES AND GEOLOGY

Project Name — Mobility of Agricultural Chemicals in Soils and Shallow Groundwater Aquifers

Contract Number — RRD-MBMG-5521

A $98,500 grant was authorized in 1987 through House Bill 7. This project was ranked Number 3 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $97,235.70 disbursed. The project was funded to determine whether herbicides, insecticides, and fungicides are being leached below the rooting depth of Montana crops and whether they are present in groundwater in key areas of Montana. A final report is on file with DNRC.

7. Project Sponsor — HILL COUNTY

Project Name — Lower Beaver Creek Dam Phase II Rehabilitation Study

Contract Number — RRD-88-5525

A $35,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 4 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $34,999.69 disbursed. Feasibility-level engineering evaluations of the dam were conducted to provide rehabilitation recommendations on the best approach to bring the Lower Beaver Creek Dam into compliance with dam safety standards.

8. Project Sponsor — EDGAR CANAL WATER USERS

Project Name — Edgar Canal Erosion Control Project

Contract Number — WDG-88-5073

A $10,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 6 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $10,000 disbursed. The project was funded to control accelerated bank erosion caused by artesian water pressure along a section of the Clark's Fork of the Yellowstone River in Carbon County.

9. Project Sponsor FLATHEAD CONSERVATION DISTRICT

Project Name Rehabilitation of East Spring Creek

Contract Number WDG-88-5071

A $75,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 8 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $72,202.10 disbursed. The project was a $316,728 effort jointly funded by DNRC and the U.S. Bonneville Power Administration to restore East Spring Creek to its formerly productive state. In February 1990, the Montana Department of Fish, Wildlife and Parks' Fisheries Division recognized Phase I renovation of East Spring Creek as the state's best rehabilitation project.

10. Project Sponsor MINERAL COUNTY

Project Name St. Regis Community Park Irrigation and Beach Expansion

Contract Number RRD-MC-5523

A $35,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 9 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $35,000 disbursed. Funds were used to improve the town's 13-acre park by expanding the irrigation and drinking water system and improving the existing pond's water quality and usability.

11. Project Sponsor CARBON COUNTY

Project Name Roberts Water System Improvements

Contract Number None. Contract not executed.

A $47,500 grant was authorized in 1987 through House Bill 7. This project was ranked Number 10 under the Water Development Program.

Project Status

The project was never contracted, and funds were returned to the special revenue account. The project was to have provided an adequate water supply for the residents of Roberts by improving the town's water system chlorine detention time, resolving safety hazards, and renovating deteriorated distribution conditions. Delays in coordinating the DNRC grant with other funding sources caused original cost estimates to become outdated. Project authorization was withdrawn during the 1992 special legislative session.

12. Project Sponsor GREENFIELDS IRRIGATION DISTRICT

Project Name Willow Creek Measuring Device

Contract Number RRD-89-5528

A $2,074 grant was authorized in 1987 through House Bill 7. This project was ranked Number 11 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $2,074 disbursed. Funds were used to install a Parshall flume in the outlet channel below Willow Creek Reservoir to measure discharge into the Sun River.

13. Project Sponsor NILAN WATER USERS ASSOCIATION

Project Name Nilan Canal Lining

Contract Number WDG-89-5080

A $25,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 12 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $25,000 disbursed. Three sections of Nilan Reservoir's east outlet canal were lined to reduce seepage. The associated water savings were used to fulfill water purchase contracts for Nilan Water Users Association members.

14. Project Sponsor MONTANA RURAL WATER SYSTEMS

Project Name Technical Assistance Advisor

Contract Number WDG-89-5081

A $60,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 14 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $60,000 disbursed. DNRC grant funds helped extend technical services to a greater number of rural water systems. These technical services included operator training, help in creating new water districts, and help in meeting higher water quality standards.

15. Project Sponsor — TOWN OF CASCADE

Project Name — Water Distribution and Supply System Improvements

Contract Number — None. Contract not executed.

A $50,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 15 under the Water Development Program.

Project Status

The project was never contracted, and funds were returned to the special revenue account. Funds were to have been used in conjunction with a block grant and Farmer's Home Administration loan funds to improve the town's drinking water system to meet current standards. The town declined the funding.

16. Project Sponsor — GALLATIN COUNTY CONSERVATION DISTRICT

Project Name — East Gallatin State Recreation Area/Bozeman Landfill

Contract Number — RRD-90-5532

A $100,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 1 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $100,000 disbursed. Funds were used to develop the East Gallatin State Recreation Area, formally known as Glen Lake Park. An abandoned landfill has been leased to the state and is part of the area developed by this grant. Through this project, the East Gallatin River was stabilized to prevent erosion into the old landfill, refuse was either covered or moved, and disturbed areas were revegetated so that the area could be developed for recreation in an uncrowded natural setting.

17. Project Sponsor — FLATHEAD BASIN COMMISSION

Project Name — Flathead Basin Forest Practices/Water Quality Cooperative Program

Contract Number — RRD-90-5536

A $25,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 2 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $24,837.14 disbursed. Funds were used in a cooperative effort to evaluate the timber harvest and its impacts on water quality and wildlife habitat in the Flathead Basin.

18. Project Sponsor MONTANA STATE LIBRARY

Project Name Montana Natural Resource Information System

Contract Number RRD-90-5535

A $99,806 grant was authorized in 1989 through House Bill 775. This project was ranked Number 3 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $99,806 disbursed. The grant provided ongoing support to improve statewide efforts to manage existing natural resource data.

19. Project Sponsor MONTANA STATE LIBRARY

Project Name Montana Water Information System

Contract Number RRD-90-5534

A $45,510 grant was authorized in 1989 through House Bill 775. This project was ranked Number 4 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $45,510 disbursed. This grant continued efforts to build a water resources data management system into the statewide Natural Resource Information System.

20. Project Sponsor MONTANA STATE LIBRARY

Project Name Montana Natural Heritage Program

Contract Number RRD-90-5533

A $99,450 grant was authorized in 1989 through House Bill 775. This project was ranked Number 5 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $99,450 disbursed. Funds for the Natural Heritage Program were used to build a comprehensive inventory of significant elements of the state's natural features that are exemplary, rare, or endangered.

21. Project Sponsor — UNIVERSITY OF MONTANA

Project Name — Management Guidelines for Riparian Site Types of Montana

Contract Number — RRD-90-5541

A $41,773 grant was authorized in 1989 through House Bill 775. This project was ranked Number 6 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $41,773 disbursed. Funds were used to classify riparian sites in Montana and develop a summary of recommended management practices for riparian site types identified in the state.

22. Project Sponsor — MONTANA DEPARTMENT OF AGRICULTURE

Project Name — Establishment of Monitoring Network to Assess the Extent of Agricultural Chemicals in Groundwater

Contract Number — RRD-90-5538

A $93,550 grant was authorized in 1989 through House Bill 775. This project was ranked Number 7 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $90,303.75 disbursed. In cooperation with the Montana Bureau of Mines and Geology, the Montana Department of Agriculture established a groundwater network to assess contamination of the state's groundwater by agricultural chemicals. The study concluded that the evaluation of inherent aquifer sensitivity and overall aquifer vulnerability to pesticide contamination must be made on a site-by-site basis to thoroughly consider all environmental factors.

23. Project Sponsor — LEWIS AND CLARK COUNTY

Project Name — Framework for Groundwater Protection: A Hydrogeologic Evaluation of the Helena Valley

Contract Number — RRD-90-5530

A $100,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 8 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $100,000 disbursed. The U.S. Geological Survey prepared an open-file report, which is on file with DNRC.

24. Project Sponsor — CITY OF BELGRADE

Project Name — Belgrade Meter Installation and Water Main Replacement

Contract Number — RRD-90-5540

A $50,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 9 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $50,000 disbursed. Funds were used to install meters on services not previously metered and to replace an old, deteriorated 4-inch water main.

25. Project Sponsor — TOWN OF HYSHAM

Project Name — Hysham Water System Improvement Project

Contract Number — RRD-91-5545

A $50,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 10 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $50,000 disbursed. Hysham's project was co-funded by DNRC, the Community Development Block Grant Program, and Farmer's Home Administration. Funds were used to increase the town's water supply, improve water quality, and eliminate water contamination problems.

26. Project Sponsor — CITY OF COLUMBIA FALLS

Project Name — Water Master Plan - Phase II

Contract Number — RRD-90-5537

A $20,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 15 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $20,000 disbursed. With funds for a Phase II Master Plan, Columbia Falls was able to analyze the distribution system and complete preliminary plans and specifications for the water system, including source development, treatment, and storage.

27. Project Sponsor — MISSOULA COUNTY

Project Name — Emergency Response/Aquifer Protection Enhancement

Contract Number — RRD-91-5544

A $45,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 16 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $45,000 disbursed. Funds were used to purchase emergency equipment and provide training to prepare the Hazardous Materials Team to act immediately if a spill should threaten to spoil the aquifer.

28. Project Sponsor — MONTANA STATE UNIVERSITY, EASTERN AGRICULTURAL RESEARCH CENTER

Project Name — Movement of Nitrates into Groundwater

Contract Number — RRD-90-5531

A $10,700 grant was authorized in 1989 through House Bill 775. This project was ranked Number 17 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $10,700 disbursed. A study was completed to monitor nitrate movement through the soil into groundwater under irrigated agricultural land in Yellowstone Valley. A final report is on file with DNRC.

29. Project Sponsor — MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, CONSERVATION DISTRICTS DIVISION

Project Name — Water Reservation Development Program

Contract Number — RRD-92-5549

A $32,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 18 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $32,000 disbursed. Funds were used by Montana conservation districts to pay attorney fees incurred during the Missouri River water reservation hearings.

30. Project Sponsor GREEN MOUNTAIN CONSERVATION DISTRICT

Project Name Fire Hydrant Installation

Contract Number RRD-92-5555

An $18,720 grant was authorized in 1989 through House Bill 775. This project was ranked Number 19 under the Renewable Resource Development Program.

Project Status

The project was successfully completed and closed, with $18,720 disbursed. Fire hydrants were installed in the town of Trout Creek.

31. Project Sponsor LAKESIDE WATER DISTRICT

Project Name Stoner Creek Road and Woodacres Main Extensions

Contract Number None. Contract not executed.

A $28,500 grant was authorized in 1989 through House Bill 775. This project was ranked Number 20 under the Renewable Resource Development Program.

Project Status

This project was not funded. The project was never contracted, and no funds were disbursed.

32. Project Sponsor DUPUYER SCHOOL DISTRICT

Project Name Emergency Chlorination Project

Contract Number WDG-90-5090

A $775 grant was authorized under emergency provisions in 1989 through House Bill 775 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $708.55 disbursed. Funds were used to install a chlorination system to disinfect the school's well water supply.

33. Project Sponsor — DALY DITCHES IRRIGATION DISTRICT

Project Name — Republican West Diversion Replacement

Contract Number — None. Contract not executed.

A $100,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 1 under the Water Development Program.

Project Status

The project sponsor canceled the project and relinquished funding. The project was never contracted, and the funds were returned to the special revenue account.

34. Project Sponsor — BEAVERHEAD AND MILE HIGH CONSERVATION DISTRICTS

Project Name — Big Hole River Channel Stabilization

Contract Number — WDG-90-5086

An $18,400 grant was authorized in 1989 through House Bill 775. This project was ranked Number 3 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $18,400 disbursed. A rock drop structure was installed to keep the river in the east channel. This channel has been the dominant channel but the west channel was beginning to capture greater flows. As a result, the town of Melrose and two irrigation diversions were losing their water sources.

35. Project Sponsor — CARBON CONSERVATION DISTRICT

Project Name — Rushwater Creek Erosion Control

Contract Number — None. Contract not executed.

A $100,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 5 under the Water Development Program.

Project Status

The project sponsor withdrew its request. The project was never contracted, and the funds were returned to the special revenue account.

36. Project Sponsor — EASTGATE VILLAGE WATER AND SEWER DISTRICT

Project Name — Wastewater Pond Effluent Irrigation System

Contract Number — WDG-90-5089

A $25,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 6 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $25,000 disbursed. The district lost its lease on land used for effluent irrigation. Grant funds were used to purchase land and equipment to provide wastewater disposal at another site.

37. Project Sponsor — HUNTLEY PROJECT IRRIGATION DISTRICT

Project Name — Main Canal Measuring and Flow Control

Contract Number — None. Contract not executed.

A $44,268 grant was authorized in 1989 through House Bill 775. This project was ranked Number 8 under the Water Development Program.

Project Status

This project was never contracted, and the funds were returned to the special revenue account. Because the project sponsor's priorities changed, a loan application has been submitted to reflect current management priorities.

38. Project Sponsor — TOWN OF POPLAR

Project Name — Water Treatment Facility

Contract Number — WDG-91-5091

A $50,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 10 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $50,000 disbursed. Funds were used to co-fund construction of a new water treatment facility.

39. Project Sponsor PARK CONSERVATION DISTRICT

Project Name Park Conservation District Sediment Control Diversion

Contract Number WDG-90-5083

A $30,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 11 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $30,000 disbursed. An innovative system of submerged vanes to minimize gravel deposits from Yellowstone River in the inlet to the Park Branch Canal south of Livingston is the first application of this type for a river that transports heavy gravels during spring runoff.

40. Project Sponsor SHERIDAN COUNTY

Project Name Carroll Dam Feasibility Study

Contract Number None. Contract not executed.

An $84,500 grant was authorized in 1989 through House Bill 775. This project was ranked Number 12 under the Water Development Program.

Project Status

The project was never contracted because the project fell below the final funding line.

B. Active Grant Projects

1. Project Sponsor ANACONDA-DEER LODGE COUNTY

Project Name Anaconda Soil Stabilization and Erosion Control

Contract Number RRD-92-5546

A $63,500 grant was authorized in 1987 through House Bill 7. This project was ranked Number 3 under the Renewable Resource Development Program.

Project Status

The project's contract is due to expire December 12, 1992; $21,526.58 has been paid to date. Grant funds are being used to continue tree-planting and reforestation efforts in hills adjacent to Anaconda.

2. Project Sponsor — MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, CONSERVATION DISTRICTS DIVISION

Project Name — Water Reservations Development Program

Contract Number — RRD-89-5529

A $50,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 5 under the Renewable Resource Development Program.

Project Status

The project's contract is due to expire December 31, 1994; $35,729.69 has been paid to date. Conservation districts in the Yellowstone and Missouri river basins have the opportunity to apply for funds to prepare water reservation applications or to implement existing reservations. Mile High Conservation District received funding to complete tasks associated with implementing reservations in the Clark Fork basin.

3. Project Sponsor — TREASURE CONSERVATION DISTRICT

Project Name — Perpetual Loan Program

Contract Number — WDG-88-5068

A $100,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 5 under the Water Development Program.

Project Status

The project's contract will not expire unless terminated pursuant to the contract's Termination Section; $72,865.94 has been paid to date. A low-interest, revolving loan program was established to provide landowners with loans to convert irrigation ditches to buried pipeline. Funds also will be used for other high-priority resource projects in the area.

4. Project Sponsor — MONTANA STATE UNIVERSITY

Project Name — Plastic Irrigation Canal Lining Project

Contract Number — WDG-88-5072

A $37,500 grant was authorized in 1987 through House Bill 7. This project was ranked Number 7 under the Water Development Program.

Project Status

The project's contract is due to expire December 31, 1993; $32,203.34 has been paid to date. Montana State University received funds to test and monitor installations of ditch-lining plastic that involves using an innovative plastic-liner process to allow a plastic "mix" to meet individual site conditions. The project has been amended to allow laboratory testing of various "mixes" and to continue monitoring. Although applying a material with a smooth, consistent thickness may present an obstacle, the process generally appears to be cost-effective.

5. Project Sponsor — EASTERN SANDERS CONSERVATION DISTRICT

Project Name — Little Bitterroot Recharge Enhancement Project

Contract Number — RRD-92-5556

An $86,300 grant was authorized in 1987 through House Bill 7 and reauthorized in 1991 through House Bill 6. This project was ranked Number 13 under the Water Development Program.

Project Status

The project's contract is due to expire June 30, 1993. The project will provide an update of 1980s data, groundwater modeling, and hydrogeologic interpretations of the Lone Pine and associated aquifers.

6. Project Sponsor — CITY OF SHELBY

Project Name — City Water Rehabilitation Project

Contract Number — WDG-93-5101

A $25,000 grant was authorized in 1987 through House Bill 7. This project was ranked Number 16 under the Water Development Program.

Project Status

The project's contract is due to expire May 31, 1993. Funds were requested for improving the city's water wells to improve operational efficiency. The city requested a $100,000 grant but only received authority for $25,000. As a result, city funds were used for much of the proposed work. The project is recently under contract, and grant funds will be used to drill two new low-yield wells in the existing well field.

7. Project Sponsor — BUTTE-SILVER BOW GOVERNMENT

Project Name — Clark Fork Coordinator

Contract Number — WDG-90-5084

A $100,000 grant was authorized in 1989 through House Bill 329 under the Water Development Program.

Project Status

The project was successfully completed and closed, with $100,000 disbursed. Funds provided assistance to the citizens and local government officials in the Clark Fork River basin area around Silver Bow, Granite, and Deer Lodge counties. A consultant was hired to develop policies and identify technical practices that would be useful in managing resources previously affected by mining.

8. Project Sponsor — WHITEFISH COUNTY WATER AND SEWER DISTRICT

Project Name — Swift Creek Clay Banks Pilot Project

Contract Number — RRD-90-5539

A $73,440 grant was authorized in 1989 through House Bill 775. This project was ranked Number 11 under the Renewable Resource Development Program.

Project Status

The project has an annual reporting requirement, and the agreement is due to expire October 15, 1994; $73,194.94 has been paid to date. Efforts were made to secure clay banks to control excessive sedimentation in the Whitefish River. Large portions of the bank slide into the river and create a heavy sediment load that is washed down to the lake. Demonstration sites were washed out during heavy spring runoff. Emergency funds were requested to secure these sites, and partial funding was granted. The district has been unable to secure the balance needed to match the emergency grant funds.

9. Project Sponsor — YELLOWSTONE COUNTY

Project Name — Valley Creek/Calamity Jane Reservoir

Contract Number — RRD-92-5547

A $10,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 13 under the Renewable Resource Development Program.

Project Status

The project's contract is due to expire May 31, 1993; no funds have been paid to date. The grant was provided to partially fund a preliminary study to determine potential sites for and economic benefits attainable from developing a flatwater recreation area near Billings. The study currently is underway.

10. Project Sponsor — MONTANA DEPARTMENT OF STATE LANDS, FORESTRY DIVISION

Project Name — Integrated Forest Resource Information System for State Forest Lands

Contract Number — RRD-91-5542

An $89,121 grant was authorized in 1989 through House Bill 775. This project was ranked Number 14 under the Renewable Resource Development Program.

Project Status

The project's contract is due to expire June 30, 1993; $26,645 has been paid to date. The project sponsor currently is developing software and digitized maps that will permit foresters to better use available resource data to make forest management decisions.

11. Project Sponsor — MONTANA DEPARTMENT OF STATE LANDS, FORESTRY DIVISION

Project Name — Pilot Urban Forestry Project

Contract Number — RRD-91-5543

A $60,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 21 under the Renewable Resource Development Program.

Project Status

The project's contract is due to expire December 1993. Community tree-planting plans are being developed, and trees will be planted during 1993.

12. Project Sponsor — TOWN OF LODGE GRASS

Project Name — Emergency Grant Project

Contract Number — WDG-91-5092

A $5,747.61 grant was authorized according to emergency provisions in 1989 through House Bill 775 under the Water Development Program.

Project Status

Funds were used to temporarily repair leaks in the town's water system; $5,032.11 was paid. Other funding subsequently was obtained to overhaul the water distribution system.

13. Project Sponsor — MONTANA RURAL WATER SYSTEMS

Project Name — Technical Assistance Advisor

Contract Number — WDG-92-5096

A $60,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 2 under the Water Development Program.

Project Status

The project's contract is due to expire August 31, 1993; $45,248.03 has been paid to date. Technical assistance currently is being provided to operators of rural water systems.

14. Project Sponsor — PRAIRIE COUNTY CONSERVATION DISTRICT

Project Name — Watershed Management Demonstration Project

Contract Number — WDG-90-5087

A $65,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 4 under the Water Development Program.

Project Status

The project's contract is due to expire December 31, 1992; $52,338.24 has been paid to date. The project is nearing completion, although results have yet to be summarized. The project was funded to demonstrate irrigation water management practices that would improve the quality of return flows and reduce the amount of fertilizer needed for equivalent crop production.

15. Project Sponsor — CARBON CONSERVATION DISTRICT

Project Name — Rock Creek Water Distribution

Contract Number — WDG-90-5085

A $30,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 7 under the Water Development Program.

Project Status

The project's contract is due to expire December 15, 1993; $4,433.64 has been paid to date. Funds are being used to pay half the cost of measuring devices installed by local irrigators.

16. Project Sponsor — TOWN OF DUTTON

Project Name — Streambank Stabilization

Contract Number — WDG-92-5099

A $24,500 grant was authorized in 1989 through House Bill 775. This project was ranked Number 9 under the Water Development Program.

Project Status

The project's contract is due to expire December 31, 1992; all funds will be disbursed. With DNRC, Community Development Block Grant Program, and Farmer's Home Administration funding, Dutton riprapped an area around its water source to prevent erosion from the river. The town also installed a new storage tank and radio telemetry controls. A grant requested under the Water Development Program in 1990 fell below the funding line; $25,000 in loan funds have been drawn in lieu of the desired grant. The town now seeks enough funding to replace part of the distribution line. Because of inflation and grant funding constraints, repairing the distribution line was eliminated from the project's final bid budget.

17. Project Sponsor — LOWER MUSSELSHELL CONSERVATION DISTRICT

Project Name — River Management Tools for the Musselshell River Basin

Contract Number — WDG-92-5095

A $72,539 grant was authorized in 1991 through House Bill 6. This project was ranked Number 2.

Project Status

The project's contract is due to expire December 30, 1993. The instrumentation has been installed, but the project sponsor reports that problems in obtaining remote data readings have presented a barrier in project completion. The supplier of the instrumentation that was purchased has been requested to help with trouble-shooting efforts.

18. Project Sponsor — GLASGOW IRRIGATION DISTRICT

Project Name — Improving Water Use Efficiency

Contract Number — WDG-92-5094

A $100,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 3.

Project Status

The project's contract is due to expire December 30, 1993; $100,000 has been paid to date. All work funded by DNRC has been completed. DNRC's funds were used to match U.S. Bureau of Reclamation rehabilitation funds. The project sponsor will continue to report on the work completed with these matching funds.

19. Project Sponsor — YELLOWSTONE CONSERVATION DISTRICT

Project Name — Streambank Reinforcement and Erosion Control and Oxbow Restoration

Contract Number — RRD-92-5548

A $100,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 4.

Project Status

The project's contract is due to expire June 30, 1993; $95,466.39 has been paid to date. The streambank along the creek has been significantly reshaped, and the area has been revegetated. The contractor will wait until spring to determine whether all the vegetation survives.

20. Project Sponsor — MONTANA STATE LIBRARY

Project Name — Drought Monitoring System

Contract Number — WDG-92-5097

A $58,364 grant was authorized in 1991 through House Bill 6. This project was ranked Number 6.

Project Status

The project's contract is due to expire June 30, 1993; $40,660.17 has been paid to date. Monthly drought reports and maps have been prepared and submitted to the state's drought committee and distributed to the public through the media.

21. Project Sponsor — JEFFERSON VALLEY CONSERVATION DISTRICT

Project Name — Cereal-Legume Rotations as Energy-Efficient Cropping Systems in Montana - Phase II

Contract Number — RRD-92-5554

A $48,677 grant was authorized in 1991 through House Bill 6. This project was ranked Number 7.

Project Status

The project's contract is due to expire December 31, 1994. Seeds were planted during the spring of 1992, and a "field day" was held to present information about the selected crop alternatives that were planted. An additional demonstration season is planned.

22. Project Sponsor — FLATHEAD JOINT BOARD OF CONTROL

Project Name — Flathead Irrigation Information System

Contract Number — WDG-92-5093

A $92,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 8.

Project Status

The project's contract is due to expire March 30, 1993. The project provides irrigation scheduling based on precipitation and weather data and information concerning system replacement. An irrigation

23. Project Sponsor — LEWIS AND CLARK COUNTY CONSERVATION DISTRICT

Project Name — Nilan Water Conservation Project

Contract Number — RRD-93-5100

A $100,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 10.

Project Status

The project's contract is due to expire September 30, 1993. The design has been made, but the ditch lining was delayed because of a materials shortage caused by Hurricane Andrew in Florida. When the materials arrive, the ditch lining will be completed if the weather cooperates. On-farm water management plans will be completed during 1993.

24. Project Sponsor — MONTANA STATE UNIVERSITY, MONTANA WATERCOURSE

Project Name — Public Education in Water Management

Contract Number — RRD-92-5552

A $100,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 12.

Project Status

The project's contract is due to expire December 31, 1994. Full funding was recently awarded, and the project sponsor started to fully develop the project during September 1992. Workshops and other educational efforts will be scheduled during 1992 and 1993.

25. Project Sponsor — BROADWATER CONSERVATION DISTRICT

Project Name — Irrigation Water Management Demonstration Project

Contract Number — RRD-92-5553

A $100,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 14.

Project Status

The project's contract is due to expire June 30, 1995. Partial funding was provided to pay for collecting weather data for one year before the project is implemented. This project will help irrigators become more efficient in their water use.

26. Project Sponsor — DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, WATER MANAGEMENT BUREAU

Project Name — Beaverhead County Groundwater Study

Contract Number — RRD-92-5551

A $100,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 15.

Project Status

The project's contract is due to expire March 31, 1997. Grant funding has not become available for this project, but an unfunded agreement has been executed and the project is proceeding with matching funds. Easements have been obtained for the drilling of monitoring wells, and groundwater data is being collected. DNRC staff have begun the task of surveying the elevations of all wells.

27. Project Sponsor — CITY OF POLSON

Project Name — Wellhead Protection Project

Contract Number — RRD-92-5550

A $76,055 grant was authorized in 1991 through House Bill 6. This project was ranked Number 16.

Project Status

The project's contract is due to expire December 31, 1993. Grant funding has not become available, but an unfunded grant agreement has been executed and the project sponsor has started to prepare the wellhead protection plan.

C. Authorized Projects Not Yet Executed

1. Project Sponsor — EAST GLACIER WATER AND SEWER DISTRICT

Project Name — Midvale Creek Diversion

Contract Number — None. Contract not pending.

A $40,000 grant was authorized in 1989 through House Bill 775. This project was ranked Number 12.

Project Status

The project has not been contracted because of complications encountered during negotiations between the project sponsor and the Blackfeet Tribe. Funds were to have been used to construct a diversion structure to divert streamflow around the reservoir. This would allow the district to remove sediment buildup behind the dam without creating downstream turbidity problems. The district's dam,

sediment buildup behind the dam without creating downstream turbidity problems. The district's dam, however, inadvertently was constructed on the Blackfeet Indian Reservation, and the diversion also would need to be located there. Negotiations with the tribe to site the diversion structure recently were completed.

2. Project Sponsor — CHINOOK IRRIGATION DISTRICT

Project Name — Milk River Water Supply Project Rehabilitation and Betterment

Contract Number — None. Contract pending.

A $100,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 1.

Project Status

The project is to be contracted pending development of an approved scope of work. Because the project was not initially built by the U.S. Department of Interior, no Bureau of Reclamation rehabilitation funding was awarded. The project sponsor is developing a reduced project scope for approval.

3. Project Sponsor — GREENFIELDS IRRIGATION DISTRICT

Project Name — Greenfields Irrigation District Gravity Sprinkler Planning

Contract Number — None. Contract pending.

A $100,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 5.

Project Status

The project was delayed, and the district may come in for a change of scope during the 1993 legislative session. Funds have not been requested, and no scope of work has been submitted.

4. Project Sponsor — TOWN OF NEIHART

Project Name — Water System Improvements

Contract Number — None. Contract pending.

A $50,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 9.

Project Status

The project was delayed because the town does not have any matching funds. The project sponsor has been unable to obtain matching funds from the Community Development Block Grant Program or Farmer's Home Administration.

5. Project Sponsor — TOWN OF EKALAKA

Project Name — Water Supply and Storage Project

Contract Number — None. Contract pending.

A $49,975 grant was authorized in 1991 through House Bill 6. This project was ranked Number 11.

Project Status

The project is to be contracted pending development of an approved scope of work. Turnover in the town's administration has caused a delay in the project being implemented. The town now is working with its engineer to develop an approved scope of work.

6. Project Sponsor — STILLWATER CONSERVATION DISTRICT

Project Name — Evaluation of Plastic Lining and Fabrication Process

Contract Number — None. Contract pending.

A $56,848 grant was authorized in 1991 through House Bill 6. This project was ranked Number 13.

Project Status

The project is to be contracted pending development of an approved scope of work; a draft now is being reviewed for MEPA (Montana Environmental Policy Act) compliance. A draft agreement has been prepared, but the project sponsor has not requested a final agreement.

7. Project Sponsor — TOWN OF THREE FORKS

Project Name — Water System Improvements

Contract Number — None. Contract pending.

A $100,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 17.
Project Status

The project is to be contracted when funds become available. Projections show that funds will be available during the summer of 1993.

8. Project Sponsor FORT SHAW IRRIGATION DISTRICT

Project Name Rehabilitation and Betterment Study

Contract Number None. Contract pending.

A $50,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 18.

Project Status

The project was delayed pending funding availability. Funds may become available during the summer of 1993.

9. Project Sponsor BUTTE-SILVER BOW GOVERNMENT

Project Name Blacktail Creek Restoration Project

Contract Number None. Contract pending.

A $100,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 19.

Project Status

The project is to be contracted pending development of an approved scope of work. DNRC is working with the project sponsor to negotiate an unfunded grant agreement.

10. Project Sponsor RUBY WATER COMPANY

Project Name Ruby Creek Dam Feasibility Study

Contract Number None. Contract not executed.

A $14,708 grant was authorized in 1991 through House Bill 6. This project was ranked Number 20.

Project Status

The project is unlikely to receive any grant funding. The 75 percent in matching funds required of all private applicants has created a disincentive for the project sponsor. Thus, no funding will be provided.

11. Project Sponsor — LIBERTY COUNTY CONSERVATION DISTRICT

Project Name — Sweetgrass Hills East Butte Groundwater Study

Contract Number — None. Contract pending.

A $100,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 21.

Project Status

The project was delayed pending funding availability. Funds may become available during the summer of 1993.

12. Project Sponsor — STOCKETT WATER USERS ASSOCIATION

Project Name — Stockett Wastewater Collection and Treatment System

Contract Number — None. Contract pending.

A $50,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 22.

Project Status

The project was delayed pending funding availability. Funds may become available during the summer of 1993.

13. Project Sponsor — FORT SHAW IRRIGATION DISTRICT

Project Name — Rehabilitation of Headworks and "A" System Diversion

Contract Number — None. Contract pending.

A $50,000 grant was authorized in 1991 through House Bill 6. This project was ranked Number 23.

Project Status

The project was delayed pending funding availability. Funds may become available during the summer of 1993.

14. Project Sponsor — MISSOULA COUNTY CONSERVATION DISTRICT

Project Name — Irrigation Diversion Alternatives on Dynamic River Systems

Contract Number — None. Contract not executed.

An $85,250 grant was authorized in 1991 through House Bill 6. This project was ranked Number 24.

Project Status

The project was never contracted. The project sponsor withdrew the project because of its low ranking on the funding list.

15. Project Sponsor — FALLON COUNTY

Project Name — Baker Lake Erosion Control and Recreation Path

Contract Number — None. Contract not fundable.

A $15,361 grant was authorized in 1991 through House Bill 6. This project was ranked Number 25.

Project Status

The project was delayed pending funding availability. Funds may become available during the summer of 1993.

16. Project Sponsor — TOWN OF DUTTON

Project Name — 500,000-Gallon Water Storage Reservoir

Contract Number — None. Contract not fundable.

A $91,319 grant was authorized in 1991 through House Bill 6. This project was ranked Number 26.

Project Status

The project was delayed pending funding availability. Funds may become available during the summer of 1993.

17. Project Sponsor — DARBY SCHOOL DISTRICT NO 9

Project Name — Darby School Park Project

Contract Number — None. Contract not fundable.

A $25,300 grant was authorized in 1991 through House Bill 6. This project was ranked Number 27.

Project Status

The project was delayed pending funding availability. Funds may become available during the summer of 1993.

18. Project Sponsor — PHILLIPS CONSERVATION DISTRICT

Project Name — Moisture Monitoring Project

Contract Number — None. Contract not fundable.

A $53,382 grant was authorized in 1991 through House Bill 6. This project was ranked Number 28.

Project Status

The project was delayed pending funding availability. Funds may become available during the summer of 1993.

19. Project Sponsor — MEAGHER COUNTY CONSERVATION DISTRICT

Project Name — South Side Canal Lining Project

Contract Number — None. Contract not fundable.

A $37,500 grant was authorized in 1991 through House Bill 6. This project was ranked Number 29.

Project Status

The project was delayed pending funding availability. Funds may become available during the summer of 1993.

20. Project Sponsor — SUN RIVER WATER USERS ASSOCIATION

Project Name — Sun River Water System

Contract Number — None. Contract not fundable.

A $7,500 grant was authorized in 1991 through House Bill 6. This project was ranked Number 30.

Project Status

The project was delayed pending funding availability. Funds may become available during the summer of 1993.

21. Project Sponsor — DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, WATER MANAGEMENT BUREAU

Project Name — Battle Creek Storage Unit Project

Contract Number — None. Contract not fundable.

A $37,500 grant was authorized in 1991 through House Bill 6. This project was ranked Number 31.

Project Status

The project was delayed pending funding availability. Funds may become available during the summer of 1993.

CHAPTER 6

SUMMARY OF PUBLIC LOAN PROJECTS FUNDED BY THE WATER DEVELOPMENT AND RENEWABLE RESOURCE DEVELOPMENT PROGRAMS

A. Executed Loans AS OF 10/92

ID NUMBER	TYPE	APPLICANT	BALANCE DUE	CLOSING	TERMINATION
WDL-86-3050	CST	ANACONDA-DEER LODGE COUNTY	419,659.57	1/08/1986	1/20/2006
WDL-93-3160	CST	BEAVERHEAD CO/RED ROCK W & S (Bond Anticipation Note)	500,000.00		7/02/2112
WDL-85-3015	CST	BELGRADE, CITY OF	645,481.51	1/21/1985	1/21/2005
WDL-85-3043	CST	BITTERROOT IRRIGATION DISTRICT	1,019,565.79	9/17/1985	2/17/2016
WDL-91-3149	CST	BOZEMAN	336,397.49	4/01/1991	5/23/2011
WDL-89-3125	CST	BOZEMAN, CITY OF	638,616.16	5/23/1989	5/23/2009
WDL-87-4395	CST	BROADWATER POWER PROJECT	22,200,000.00	11/05/1987	11/05/2007
WDL-87-43951	CST	BROADWATER POWER PROJECT	3,800,000.00	11/05/1987	11/05/2007
WDL-86-3053	CST	CHARLO WATER DISTRICT	31,376.39	12/04/1985	12/04/2005
WDL-85-3010	CST	CONRAD	194,754.81	10/29/1984	10/29/2004
WDL-85-3029	CST	CULBERTSON, CITY OF	531,566.46	7/01/1985	7/01/2005
WDL-88-3096	CST	DENTON, CITY OF	160,013.40	8/31/1987	9/01/2007
WDL-93-3162	CST	DUTTON, TOWN OF	150,000.00	9/15/1992	9/15/2012
and	CST	DUTTON, TOWN OF	25,000.00	9/15/1992	9/15/2012
WDL-85-3048	CST	EAST BENCH IRRIGATION DISTRICT	680,125.71	6/29/1987	7/02/2017
WDL-88-3104	CST	EAST HELENA	377,463.67	2/02/1988	2/02/2008
WDL-87-3079	CST	EKALAKA	162,687.73	8/15/1986	8/15/2006
WDL-85-3014	CST	ENNIS, CITY OF	140,832.37	11/30/1984	11/30/2004
WDL-91-3147	CST	FAIRVIEW, CITY OF	244,315.74	11/26/1990	7/01/2010
WDL-86-3054	CST	FORT BENTON, CITY OF	606,883.58	12/30/1985	12/30/2005
WDL-90-3134	CST	GARDINER-PARK CO. WATER DIST.	329,551.19	10/31/1989	7/01/2009
WDL-88-3097	CST	GLASGOW, CITY OF	2,761,538.00	10/02/1987	7/01/2007
WDL-91-3146	CST	GLENDIVE, CITY OF	1,749,381.75	3/14/1991	1/01/2011
WDL-88-3108	CST	HARLEM	345,774.26	5/08/1988	5/01/2008
WDL-86-3051	CST	HAVRE, CITY OF	2,087,805.33	12/02/1987	12/02/2005
WDL-87-3086	CST	LAKESIDE COUNTY SEWER DISTRICT	431,837.57	3/20/1987	3/01/2007
WDL-87-3091	CST	LAKESIDE COUNTY SEWER DISTRICT	758,162.43	7/07/1987	3/01/2007
WDL-85-3013	CST	LIBBY, CITY OF	462,008.31	12/03/1984	1/03/2005
WDL-88-3103	CST	LIMA	214,137.62	1/25/1988	2/01/2008
WDL-87-3087	CST	LOCKWOOD IRRIGATION DISTRICT	209,974.17	3/26/1987	7/01/2007
WDL-90-3138	CST	MILES CITY	1,446,952.24	5/21/1990	6/01/2010
WDL-89-3114	CST	MILL CREEK WATER & SEWER DIST.	876,910.38	10/14/1988	7/15/2020
WDL-89-3117	CST	PONDERA CD	555,000.00	1/11/1989	7/01/1990
WDL-86-3052	CST	POPLAR, CITY OF	376,630.33	11/12/1985	11/12/2005
WDL-85-3016	CST	POWER TETON CO. WATER & SEWER	56,892.45	1/30/1985	1/30/2005
WDL-85-3017	CST	SAGE CREEK CO. WATER DIST.	561,828.63	1/31/1985	1/31/2015
WDL-90-3145	CST	SANDERS CO WATER DIST AT NOXON	142,838.77	6/14/1990	6/15/2010
WDL-85-3011	CST	SHELBY, CITY OF	562,488.02	11/02/1984	11/02/2004
WDL-87-3078	CST	SHIELDS CANAL WATER USERS ASC.	26,240.64	6/01/1986	12/15/2006
WDL-91-3148	CST	SUN PRAIRIE SEWER DISTRICT	547,814.70	10/15/1990	7/01/2010
WDL-85-3044A	CST	THREE FORKS, CITY OF	216,880.71	1/14/1986	1/14/2006
WDL-85-3044B	CST	THREE FORKS, CITY OF	136,481.39	1/14/1986	7/14/2006
WDL-85-3047	CST	UPPER MUSSELSHELL WATER USERS	157,225.80	6/12/1985	12/01/2005
WDL-88-3101	CST	WEST YELLOWSTONE, CITY OF	456,225.68	12/30/1987	7/01/2007
WDL-89-3127	CST	WEST YELLOWSTONE, CITY OF	634,184.89	6/30/1989	1/01/2009
WDL-87-3084	CST	WHITE SULPHUR SPRINGS, CITY OF	339,999.39	3/02/1987	3/02/2007
WDL-87-3093	CST	WHITEHALL, CITY OF	110,408.85	1/09/1987	11/01/2007
WDL-91-3152	CST	WIBAUX	250,455.29	6/25/1991	7/01/2011
WDL-86-3067	CST	YELLOW WATER WATER USERS ASSOC	26,168.30	10/11/1985	7/01/2005
WDL-86-3060	CST	YELLOWSTONE CO.	319,579.86	3/13/1986	3/14/2006
WDL-86-3066	CST	YELLOWSTONE CO.	473,441.21	3/13/1986	3/14/2006
		TOTAL:	50,489,558.54		

ID NUMBER	TYPE	APPLICANT	BALANCE DUE	CLOSING	TERMINATION
WDGL-85-8005	WD-GO	ANTELOPE CO. WATER/SEWER DIST.	77,386.23	1/03/1986	1/10/2016
WDL-85-3030	WD-GO	CULBERTSON, CITY OF	79,454.87	7/01/1985	7/01/2005
WDGL-85-8006	WD-GO	HAMILTON, CITY OF	82,226.38	12/08/1986	3/01/2006
WDGL-84-8002	WD-GO	VIRGINIA CITY	6,285.90	2/13/1984	2/13/1994
WDGL-84-8004	WD-GO	WINNETT, CITY OF	75,411.24	5/30/1984	5/30/2004
		TOTAL:	**320,764.62**		
WDL-89-3128	RRD-GO	CUT BANK N. GLACIER W/S DIST.	81,653.44	9/28/1990	6/07/2010
WDGL-85-8006	RRD-GO	HAMILTON	20,212.45	12/08/1986	3/01/2006
WDL-87-3082	RRD-GO	KEVIN, CITY OF	145,981.72	11/10/1986	11/10/2006
WDL-88-3100	RRD-GO	LAKESIDE WATER DISTRICT	89,536.74	7/27/1988	7/01/2008
WDL-87-3083	RRD-GO	PARK COUNTY RSID #7	132,629.04	12/22/1986	12/22/2006
		TOTAL:	**470,013.39**		

B. Loans Authorized and Re-Authorized in 1991 Pending Terminiation or Execution

COAL SEVERANCE TAX LOANS — HOUSE BILL 7

New Loans:

Project Sponsor	Interest Subsidy	Loan Authority	1992 Loan Amount
Columbia Falls	1% below 1st 5 yrs	1,163,720	1,163,720
Forsyth	2% below 1st 5 yrs	1,948,916	400,000
Huntley Irrigation District	At the Bond Rate	749,797	0
Beaverhead County — Lima Dam	At 3% for 30 yrs	3,040,000	2,600,000
Seeley Lake	2% below 1st 5 yrs	922,150	0
Mill Creek W&S District	At 6% for 30 yrs	151,000	0
Lakeside W&S District	At 6% for 30 yrs	251,700	0
		8,227,283	**4,163,720**
Reauthorized Loans:			
Browning—Sewer	At the Bond Rate	447,014	0
Browning—Water, BPA # WDL-89-3129	0.5% below 1st 5yrs	1,294,900	0
East Bench	At 4% for 30 yrs	431,000	0
East Glacier	2% below 1st 5 yrs	484,270	0
Evergreen W&S Dist.	3% below 1st 5 yrs	3,778,028	3,778,028
Evergreen W&S Dist.	At the Bond Rate	500,000	221,972
Glendive ($1,834,238 disbursed)	2% below 1st 5 yrs	2,240,762	0
Lake C./Big Arm W&S Dist.	3% below 1st 5 yrs	2,283,893	0
Pondera CD	2% below 1st 5 yrs	750,000	0
Sommers W&S Dist	3% below 1st 5 yrs	3,151,960	0
Whitefish	2% below 1st 5 yrs	6,035,800	500,000
		21,397,627	4,500,000
Total CST Loans Authorized in House Bill 7		29,624,910	8,663,720

WATER DEVELOPMENT LOANS UNDER $200,000 — HOUSE BILL 6

New Loans:

Project Sponsor	Interest Subsidy	Loan Authority	1992 Loan Amount
Private Applicant — Stockett Sewer	50,000	150,000	0
Fort Shaw Irrigation Dist.	50,000	50,000	0
Chinook		200,000	200,000
Belt		100,000	0
Glasgow		80,950	0
Missoula City/County Health Dept.		100,000	0
Fairfield		14,169	0
	100,000	695,119	200,000
Reauthorized Loans:			
Cascade Co. RID (Sun Prairie Village)		200,000	200,000
Sage Creek County Water District		158,600	0
Shelby	25,000	75,000	0
	25,000	433,600	200,000
Total WD Loans Authorized In House Bill 6	125,000	1,128,719	400,000

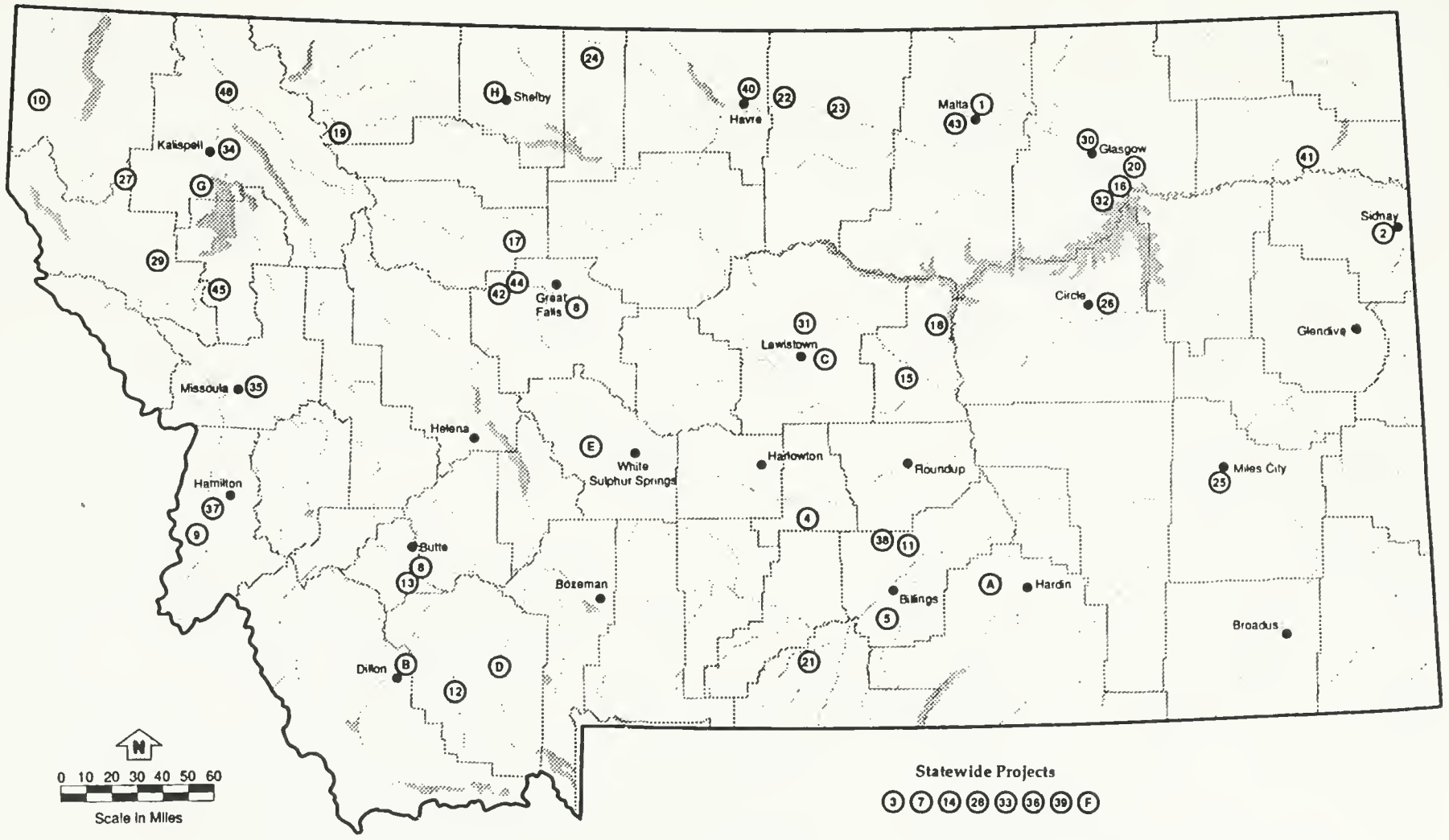
RENEWABLE RESOURCE DEVELOPMENT LOANS UNDER $200,000 —HOUSE BILL 6

New Loans:

Neihart	50,000	150,000	0
Ekalaka	49,975	100,000	0
Meagher County CD	37,500	62,500	0
	137,475	312,500	0
Reauthorized Loans:			
Belgrade		200,000	0
East Glacier Water and Sewer District	40,000	76,380	0
Town of Hysham	50,000	150,000	0
	90,000	426,380	0
Total RRD Loans Authorized In House Bill 6	227,475	738,880	0
TOTAL WD & RRD GRANTS AND LOANS AUTHORIZED IN HOUSE BILL 6	352,475	1,867,599	400,000

GRAND TOTAL HOUSE BILL 6 AND HOUSE BILL 7

Water Development and Renewable Resource Development Program
Small Grant and Loan Applications



Numbers 1 through 46 indicate the order of funding recommendations.

Letters A through H indicate projects not recommended for funding,

Montana Department of
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